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Japan

BOJ: U.S. Interest Rate Hike 'Appropriate'

OW0202023195 Tokyo KYODO in English 0220 GMT 2 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 2 KYODO—The U.S. Federal Reserve's decision to raise two key interest rates by half a percentage point each was an appropriate action in the view of the Bank of Japan (BOJ), a BOJ source said Thursday [2 February].

The central bank thinks the timing and the extent of the increases are appropriate but it is difficult to predict what effect they will have on the foreign exchange market in connection with the development of the economy of the United States, the source said.

The Fed, the U.S. central bank, Wednesday raised its official discount rate from 4.75 percent to 5.25 percent and the federal funds rate from 5.5 percent to 6 percent.

The source said the U.S. apparently needed to raise the rates to ensure economic growth without inflation.

He hinted that the monetary policy of the Federal Reserve Board has been successful in containing inflation through a series of interest rate increases.

U.S. Firms Seek Reconstruction Projects

OW0102223295 Tokyo ASAHI SHIMBUN in Japanese 1 Feb 95 Morning Edition p 11

[FBIS Translated Text] U.S. and other foreign firms are eying the reconstruction boom in areas of Kobe hit by the Hanshin earthquake. The Japanese Government has promoted the use of safety glass under an agreement that it concluded last December with the United States at the Japanese-U.S. economic framework talks; U.S. glass manufacturers excel in manufacturing safety glass. In the Japanese-U.S. construction negotiations held in November 1994, Japan agreed to adopt an open tender system under some conditions, and the Japanese Government has since taken measurers to expand opportunities for foreign firms to bid on contracts for public works projects. U.S. and other foreign corporations are preparing to move into the part of the Japanese market that will implement public works projects for the reconstruction of areas affected by the Hanshin earthquake.

PPG-CI (based in Minato Ward, Tokyo), a subsidiary of PPG, a U.S. glassmaker, plans to push for the sales of safety glass in Japan. In Japan, safety glass has been used in automobiles, but it has yet to be used for constructing buildings. PPG-CI President Saki Yoshisuke says, "I want to make the most of the technology and experience of the safety glass that has been developed and gained in the United States and European nations in the reconstruction of our quake-affected areas."

Jun Okawa, president of Guardian Japan (based in Minato Ward, Tokyo), a subsidiary of a major U.S. glassmaker, says, "I hope that the government will make clear the need to use glass in accordance with the Construction Standard Law."

Japan Monsanto (based in Minato Ward, Tokyo), a subsidiary of Maker Monsanto, one of the 10 major U.S. chemical manufacturers, expects an increase in the Japanese demand for the intermediate membrane of laminated glass. The company made quick moves to boost sales of U.S.-made intermediate membrane by sending two executives on 25 January to quake-hit areas to carry out a meticulous survey of damage to glass.

Meanwhile, the Office for the Promotion of Access to the Construction Market was deluged with international telephone calls from U.S. firms in Hawaii and California for two weeks after the Hanshin earthquake occurred on 17 January. The U.S. firms said they wanted to sell trailer homes to Japan and to provide Japan with technology for rapidly constructing housing and buildings and other technology for recycling demolished buildings.

U.S. construction firms are not permitted to do business in Japan without Japanese construction business licenses. Therefore, the Construction Ministry has sent English-language pamphlets to U.S. construction companies. They can do business wherever they wish in Japan after obtaining construction business licenses from prefectural governors. It takes one-to-four months for U.S. construction companies to obtain these construction business licenses after they apply for them.

As of the end of 1994, 81 foreign construction firms or foreign- affiliated construction firms had Japanese construction business licenses. Of them, the branch office (based in Shinjiku ward, Tokyo) of Shall Vovoice [name as transliterated], a U.S. construction firm, is looking for new business opportunities in Japan, saying, "Japan should pool wisdom from around the world to rebuild the quake-hit areas."

Keiji Yoshikama, head of the Tokyo branch office (based in Chiyoda ward, Tokyo) of Tuner Construction, a U.S. construction company, says: "The Hanshin earthquake is not a bonanza for U.S. construction firms. They have superb construction technology for building high rises, but it is difficult for them to build quake-proof structures in Japan."

Shapiro Assured of No Change in Tax Reduction

OW0202085295 Tokyo KYODO in English 0756 GMT 2 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 2 KYODO—The secretary general of the Liberal Democratic Party (LDP), a key coalition partner, on Thursday [2 February] assured a senior U.S. trade official that his party's policy on tax reduction remains unchanged.

"We have no plans to stop or put off reduction of income taxes," the LDP's Yoshiro Mori said in talks with Ira Shapiro, legal adviser to the U.S. Trade Representative.

Mori made the comment in reply to Shapiro's question on whether the great Hanshin earthquake on Jan. 17 would affect policies on tax cuts and deregulation in Japan.

Shapiro is on a visit to Japan for talks with a wide range of government officials and people in the private sector.

Mori expressed willingness to continue with deregulation efforts, saying that "deregulation and administrative reform is vital for Japan's industrial development."

He told Shapiro it is the mission of Prime Minister Tomiichi Murayama's government to maintain and develop U.S.-Japan relationships.

"There might be some time lags in developing the relationship between Japan and the United States due to the earthquake, but the cabinet's policy remains unchanged," he said.

Editorial Praises U.S. Administrative Reform

OW3001015195 Tokyo ASAHI SHIMBUN in Japanese 26 Jan 95 Morning Edition p 5

[Editorial: "Administrative Reform in the United States Gets Into Full Swing"]

[FBIS Translated Text] If it had been a policy address in Japan's Diet, the people of Japan would have applauded. U.S. President Bill Clinton's State of the Union address has shown how differently Japan and the United States run government to those of us who have witnessed the incompetence of Japan's giant bureaucratic system in dealing with the recent great earthquake in the Hanshin area.

In his speech the president proudly proclaimed the accomplishments of his administrative reform programs over the past two years, and declared the intent of continuing with his bold administrative reform programs, saying: "We will reduce the government of yesterday in order to resolve the issues of tomorrow."

There is no question that this was the only alternative left for Mr. Clinton, who wants to get reelected in the presidential election next year, beating the Republican Party which won a majority in both the upper and lower houses of Congress riding on the theme of "our contract with America" in the midterm elections last fall.

With his response, general discussions in the ruling and opposition parties' on the "recovery of the United States" have come to an end, and the debate now will go into the particulars discussing how a smaller government can be realized.

The policies of the two parties are very similar. There is almost no difference on the main issues, like reductions of government expenditures and in the number of public officials, the simplification of complicated administrative procedures, and the division of power between the central government and local governments, and the balancing of federal government finances.

The only difference is the speed in pursuing the reform programs, and the parties are now beginning to debate how well their own policies have taken root.

The "contract" of the Republican Party, led by lower house speaker Newt Gingrich, looks dashing, but it is no more than a slogan which still lacks in concreteness. Taking note of this, President Clinton declared "the government is now going into the second round of recovery programs," and thus took a poke at the Republican Party's hasty "contract." He also noted:

"Congress should announce voluntarily that its members will not accept gifts from lobbyists."

"I also support balanced finances. Congress should frankly state what it wants to cut and what taxes it wants to raise."

"For many years, Congress has poured into the budget projects of its own. If I am given line-veto power over budget items, unnecessary budgeting can be cut out."

The reform programs of the Clinton administration have been fairly fruitful. The administration has decided to eliminate positions for 250,000 public officials and to simplify procedures for loan applications by small and medium-sized businesses. Under the administration, the Federal Emergency Management Agency (FEMA) has had the opportunity to display its effectiveness in both the California earthquake and the flood disaster in the Midwest.

The president also declared that he will carry out a series of reforms, including administrative reforms, to reduce government departments and agencies, and to reduce the existing 60-odd public housing plans to only three.

The address was the administration's response to a whirlwind of calls for a "smaller government," started by lower house Speaker Gingrich. After repeated compromises and reactions, the reform efforts in the United States have settled down and have come to be accepted as an unmovable task.

Administrative reform is a task which is common to both Japan and the United States. What speeded up the reform in the United States was the smashing victory of the Republican Party in the midterm elections. It can be said that the voice of the people has warned the politicians that reform is a life-or-death matter for them.

We cannot be careless about whether the United States, the country which, as the only superpower of the world, has much power of influence, will succeed in the domestic reform programs. The party which proves to be more persuasive to the American people will determine the outcome of the presidential election next year and will have a direct impact on the country's formulation of foreign policy.

No doubt, how well the reform efforts proceed will have an impact on the direction of Japan's reform programs, which have been loudly talked about but are making no progress at all.

Financial Services, Pension Fund Talks Viewed

952A0296A Tokyo KINYU ZAISEI JIJO in Japanese 2 Jan 95 pp 6-7

[Unattributed article in "Blindpoint" column: "Will Conclusion to U.S.-Japan Pension Fund Talks Resolve the Industry Territorial Issue?"]

[FBIS Translated Text] *Japan-U.S. financial-sector talks concerning the management of Japan's pension fund assets have entered their final phase. Pension fund business opportunities associated with the aging of Japanese society are attractive. U.S. assertions relate to the lowering of barriers relative to the participation of investment advisory firms in the management of such assets. In any event, some sort of conclusion will be reached as a result of the talks. However, the controversy concentrates on managers of pension fund assets, but the question arises, is the pension system itself sound? Originally, the management issue was questioned as one aspect of the proper status of pension systems, but other questions now surface.*

Pension Issue Complicated by "Domestic Financial Industry Territorial Issues and Japan-U.S. Friction"

Pensions are of interest to all people. Thus, they become political issues at times. Even during the last Diet session, a major debate took place over deliberations concerning the Pension Reform Law to include pension payments, the burden level, and annuity initiation age.

Even the issue of management of pension assets has become a topic at the Japan-U.S. financial-sector talks and is the focus of major interest. Specific U.S. demands include: 1) participation by U.S. investment advisory firms in the management of welfare pension funds, 2) relaxation of regulations on the management of welfare pension funds in which investment advisory firms already participate so that U.S. investment advisory firms can more easily enter the market, and 3) participation by U.S. investment firms in the tax-system qualifying pension fund market.

Issues of this nature which are profoundly related to the status of future management of pension funds should be discussed in an open forum along with other pension issues. However, in reality, they are limited to negotiations between Japanese and U.S. financial currency authorities and it is very difficult for outsiders to acquire information on the talks.

Even newspaper reports focus only on the progress of negotiations. Moreover, the news reports merely cover aspects such as "trust and life insurance versus investment advisory firms" and Japan-U.S. friction. In summary, the news reports focus on confrontations that are easily understood by anyone in the area of financial industry territorial issues.

Now that financial system reform has resolved issues such as the separation of trust operations, the short- and long-range issue, and the division between banks and securities firms, the few remaining industry territorial issues consist of the "separation of trust and life insurance versus investment advisory firms (with banks and securities firms standing in the background)." This represents a situation in which domestic confrontations have been compounded by Japan-U.S. financial friction accompanied by the demands of U.S. investment advisory firms.

One reason the situation has become so complex is that the Japanese representatives underestimated the potential moves of the U.S. negotiating team. As can be seen from the fact that progress was very slow on the investment management trust reform issue, Japanese asset investment capabilities fall far below global standards. Japan must be very easy to take advantage of from the U.S. perspective.

United States Wins Welfare Pension Fund Dispute, While Resolution of Tax-System Qualifying Pension Issue Is Postponed

Originally, investment advisory firms participated in the management of reserves of welfare pension funds from April 1990, but there was no external pressure when that issue was under discussion. However, subsequently, the U.S. Government transformed itself into a pressure group for foreign investment advisory firms that noticed the deregulatory move and asked the Japanese Government to make a series of changes, including a lowering of the investment management ceilings and relaxation of investment management restrictions.

Japanese investment advisory firms are subject to a restriction which reads, "Conservative investments for funds contracted in excess of 1 billion yen will be maintained in excess of 50 percent," while foreign investment advisory firms are subject to a restriction which reads, "Conservative investments for funds contracted in excess of 500 million yen will be maintained in excess of 30 percent." The "special exception made for foreign investment advisory firms" is stipulated in Ministry of Finance circulars as a result of the aforementioned request.

Such regulations are imposed for the purpose of enabling the use of specialized services offered by investment advisory firms or to provide for the safety of asset management and either conform with international standards or are regulations which are logical for pension funds in a growth stage. Accordingly, the United States which won a "special exception made for foreign investment advisory firms" considers Japan's pension fund sector one which is tantamount to an "Aladdin's lamp which produces goodies as long as you strike it with a hammer."

If one were to view the recent issues as domestic industry territorial issues and Japan-U.S. financial friction, it is easy to predict their outcome.

In other words: 1) In the area of welfare pension funds, there is the confrontation between the United States (backed by domestic banks and securities firms, albeit they oppose the "special exception made for foreign investment advisory firms") and the trusts and life insurance companies on the defensive, but as always the United States will succeed in winning approval of its demands. 2) Even in the area of welfare pension funds, the United States will gain approval of its position (Such approval will not adversely affect trusts and life insurance companies). And, as an offset for the resolution of the foregoing two issues, the U.S. request concerning tax-system qualifying pensions will be shelved for future consideration.

Investment Errors Lead to Several Thousands of Yen in Premium Increases

The issue concerning the management of pension assets embodies the pension issue itself. In that respect, this magazine made the following statement in its 14 and 21 November issues:

"Since public pension funds are collected under an assessment system, the exposure of such assets to financial engineering is basically inappropriate, while a fatal defect exists in welfare pension funds owing to the lack of risk control. On the other hand, private pensions consist of the accumulation of reserves and inherently contain the need for financial engineering, while tax-system qualifying pension funds are similar to private pension funds and represent a system which is globally standardized." Accordingly, "the U.S. demand concerning welfare pension funds is illogical and should be rejected, but the U.S. demand concerning tax-system qualifying pension funds should be approved."

Future Japan-U.S. financial talks will most probably witness resolutions lacking the participation of the public, similar to that made for the financial industry territorial question. It appears that we cannot hope for a resolution that protects the interests of the public.

The Ministry of Health and Welfare once explained the feasibility of minimizing insurance premiums by attaining returns which exceed market rates by over 1 to 1.5 percent through financial engineering, but it did not explain the existence of risk in such an approach. In fact, the Pension Welfare Public Corporation which is engaged in the management of pension funds reportedly carries huge accumulated losses as well as paper losses.

Comments are heard that, "Losses can be recouped on a long-term basis," but an investment specialist warns against any optimistic outlook in saying, "The most market interest rates can be exceeded is 0.1 percent, even if a professional investment manager tries his best. One has to be overly optimistic to think he can recover speculative losses." If this view is correct, it appears that financial engineering which was initiated with the goal of reducing monthly premiums by several tens of yen will now require the additional payment of several thousand yen in additional premiums.

If we view the accumulation of such problems as the outcome for not treating pension management issues as pension issues, we wonder what sort of result can be expected from Japan-U.S. financial talks designed to resolve the issue of financial industry territorial issues. In any event, Japan has come closer to being a senior citizen society with the arrival of the New Year.

Hiroshima, Nagasaki Regret Decision on Exhibit

OW3101063295 Tokyo KYODO in English 0528 GMT 31 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 31 KYODO—Officials from Nagasaki and Hiroshima expressed shock and disappointment Tuesday [31 January] with the Smithsonian Institution's decision overnight in Washington to sharply scale back its planned exhibition on the U.S. atomic bombings of the two cities.

The new scaled-back version, hailed by the white house and U.S. war veterans, shows neither the casualties nor damage inflicted on the two cities hit by the mass destruction atomic bombs during World War II.

Speaking to reporters in Tokyo, Foreign Minister Yohei Kono said, "the government is not in a position to comment on the decision by the Smithsonian Institution."

Concerning opinions in the United States justifying the atomic attack in Nagasaki and Hiroshima, however, Kono noted, "if such opinions exist, it is regrettable."

In Hiroshima where the municipal government was to propose its own revised plan to the smithsonian institution, Mayor Takashi Hiraoka said, "it is extremely regrettable" that the scaled-back version "is full of displays showing...only U.S. victory."

"It's not the correct age to exhibit the (B-29 bomber) Enola Gay that dropped the atomic bomb on Hiroshima from the perception of the winning nation." He said.

"Our disappointment becomes stronger when thinking of our wishes to increase U.S. public opinion in favor of creating a world with no nuclear weapons," the mayor said.

Hiroshi Harada, director of the Hiroshima Peace Memorial Museum, said, "we had expected the decision, but it turned out to be the worst case."

Harada and other officials received a fax message from Martin Harwit, director of the Smithsonian's National Air and Space Museum, expressing his regret for failing to push through the original plan.

Under strong pressure from congress and war veterans, Harwit was replaced by Smithsonian Secretary Michael Heyman to lead the exhibition.

Expressing disappointment, Sunao Tsuboi, secretary general for atomic bomb victims in Hiroshima, said, "America was America as expected."

But he said, "we want to think of other ways to explain about Hiroshima and Nagasaki."

In Nagasaki, Tatsuya Ito, director of the Nagasaki Culture Hall, said that he was taking the insistence by war veterans "rather calmly" as one of the public opinions in the U.S.

But still, he said, the reduced exhibition is "regrettable" for taking away the "best opportunity" to show the horrors of the bombings to U.S. citizens.

Katsuichi Fukahori, a leader of a casualty group, said, "as a victim, I personally wanted people to acknowledge the terrible aftermath."

The group has been opposed to lending materials to the exhibition which it claimed was trying to justify the atomic bombings.

Fukahori also blamed the Japanese Government which "hasn't been correctly informing" international society, led by the United Nations, about the tragic aftermath of using nuclear weapons.

Meanwhile, the Nagasaki Municipal Government has decided to hold an independent photo display in the U.S. and Canada, and the city is planning to ask Hiroshima to cosponsor the plan, officials said.

Both Hiroshima Mayor Hiraoka and Museum Director Harada said they intend to hold independent events for U.S. citizens.

NFP's Kaifu Supports EAEC Membership

OW0102161695 Tokyo YOMIURI SHIMBUN in Japanese 1 Feb 95 Morning Edition p 6

[FBIS Translated Text] In a lecture to a YOMIURI SHIMBUN- sponsored seminar on the international economy held in Uchisaiwai- cho, Tokyo, on 31 January, Toshiki Kaifu, president of the opposition New Frontier Party [NFP], touched on the East Asia Economic Caucus (EAEC), the establishment of which Malaysian Prime Minister Mahathir has advocated. Kaifu said, "It is desirable for Japan to urge APEC as well as EAEC to defend the free trade system," adding that this statement was his personal opinion. In this way, he took a positive stand on Japan's joining the EAEC.

The government has continued to take a cautious stand on Japan's joining the EAEC because the United States has reacted against the founding of the organization, claiming that the EAEC is aimed at excluding it. It seems that President Kaifu's statement is likely to affect the future debate on whether on not Japan will join the EAEC.

Keidanren To Postpone Announcing View on EAEC

OW0202121995 Tokyo MAINICHI SHIMBUN in Japanese 2 Feb 95 Morning Edition p 9

[FBIS Translated Text] As of 1 February, the Federation of Economic Organizations of Japan [Keidanren] has firmed up its intention to put off for the time being disclosure of its views regarding the concept of the East Asia Economic Caucus [EAEC], which Malaysian Prime Minister Mohamad Mahatir has proposed. Some Keidanren officials had thought of expressing support for the EAEC when it sends an economic mission to ASEAN nations beginning 12 February. However, because the United States has remained opposed to the EAEC, and the Japanese Government has also avoided clarifying its position on the issue, the business organization plans to postpone clarifying its position until April, when it plans to send its second ASEAN mission, or later.

Takemura Welcomes IMF Loan Program for Mexico

OW0202085695 Tokyo KYODO in English 0821 GMT 2 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 2 KYODO—Finance Minister Masayoshi Takemura on Thursday [2 February] welcomed the International Monetary Fund's decision to provide 17.8 billion dollars in "stand-by" loans to Mexico to assist the nation's [words indistinct] of economic reform.

Takemura said in a statement, "Japan welcomes the IMF's prompt decision on such international aid and expects it to help stabilize the Mexican economy and also further stabilize global financial and foreign exchange markets."

At Wednesday's executive board meeting, the IMF approved the stand-by loan arrangement to help Mexico's 18-month economic program, including a 7.8 billion dollar facility for immediate disbursement, Finance Ministry officials said.

The remaining 10 billion dollars will be disbursed from the IMF's ordinary facility under conditions agreed between Mexico and the international lending agency, the officials said.

In order to help Mexico recover from its currency crisis, U.S. President Bill Clinton announced Tuesday an international financial aid package, consisting of 20 billion dollars from the United States, the 17.8 billion dollar IMF loans and a 10 billion dollar credit from the Bank for International Settlements (BIS).

The Group of Seven (G-7) major industrialized nations are coordinating their responses in line with the multilateral rescue package, the officials said.

As for Japan, the bank of Japan has already decided to participate in the BIS credit, the officials said, but details have yet to be decided.

Tokyo Contemplating More Aid for Mexico

OW0102140695 Tokyo KYODO in English 1341 GMT 1 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 1 KYODO— The Japanese Government is considering significantly boosting its financial aid package to several billion dollars from the originally planned 1.3 billion dollars to help Mexico recover from a currency crisis, international monetary sources said Wednesday [1 February].

The move followed Tuesday's announcement by U.S. President Bill Clinton of a new multilateral aid package worth 47.5 billion dollars—20 billion dollars from the United States, 17.5 billion dollars in standby loans from the International Monetary Fund (IMF) and a 10 billion dollar credit from the Bank for International Settlements (BIS), the sources said.

Facing an economic tailspin following the peso's 33

devaluation against the dollar, Mexico announced in early January an emergency economic plan based on 18 billion dollars of international assistance—10 billion dollars by the U.S. and Canada, 5 billion dollars from the BIS and 3 billion dollars by private banks around the world.

The Bank of Japan had already decided to provide 1.3 billion dollars as part of the 5 billion dollar BIS aid package, the sources said.

Behind the government's quick reaction to the U.S. decision on additional assistance to Mexico, fears persisted that any further delay in finalizing the aid could lead to a further tumbling of the dollar due to growing distrust in the U.S. Government's leadership, they said.

The sources said major developed nations are joining in concert to offer additional assistance for Mexico.

The new proportions of the extra aid burden are likely to be doled out to the various participants around the time of the Friday-Saturday meeting in Toronto of finance officials from the Group of Seven (G-7) industrialized nations, they said.

While Clinton put the IMF stake at 17.5 billion dollars, IMF Managing Director Michel Camdessus said the total amount contemplated by the international lending agency actually amounts to 17.8 billion dollars.

The proposed 17.8 billion dollar stand-by loan arrangement includes the 7.8 billion dollar facility the IMF management unveiled last week, he said.

Combined with already decided aid proposals of 1 billion dollars from Canada, another 1 billion dollars from Latin American countries and 3 billion dollars from private banks, the international financial aid package for Mexico totals 52.8 billion dollars, the sources said.

Of that package, Japan will be involved in the IMF's 17.8 billion dollar loans and the 10 billion dollar credit from the BIS, they said.

The central bank seems to have already informed Washington of its intention to accept an increase in its share of the BIS credit, they said.

While nine central banks in Japan and Europe have decided to take part in the initial 5 billion dollar BIS loan package, other European and Asian nations are expected to participate as well in the revised 10 billion dollar plan, they said.

Although it is not yet known how to secure financial resources for an additional 10 billion dollar credit by the IMF, the Japanese Government is likely to accept any request such as an increase in quotas, they said.

Meanwhile, the 3 billion dollar rescue package by private banks in Japan, the U.S. and Europe remained intact even after the disclosure of the U.S. additional aid package, they said.

Four Japanese private banks—the Bank of Tokyo, Industrial Bank of Japan, Sumitomo Bank and Fuji Bank—have been considering bearing about 100 million dollars each of the 3 billion dollar aid, they said.

Goals, Agenda for G-7 Talks Reported

OW0102145795 Tokyo MAINICHI SHIMBUN in Japanese 1 Feb 95 Morning Edition p 9

[FBIS Translated Text] At a meeting of the seven industrialized nations' (G-7) financial ministers and central bank presidents to be held in Toronto, Canada, on 3 to 4 February, the Japanese Government and the Bank of Japan [BOJ] will disclose their plan to continue implementing measures designed to ease Japan's financial regulations. Japan is paying consideration to other countries' anxieties that the great Hanshin earthquake (earthquake in southern Hyogo Prefecture) may increase long-term interest rates in Japan and have a negative impact on the world economy. Moreover, Japan will reiterate its stand of giving support to Mexico, where the value of that nation's peso continues to drop. The G-7 meeting's major topics of discussion, which have been firmed up as of 31 January, are: 1) the prospects for developed countries' economic growth and an examination of their macroeconomic policies; 2) countermeasures for dealing with the currency markets, which are faced with uncertainties such as the Mexican currency crisis; and 3) strengthening the G-7's policy-monitoring functions.

Japanese Finance Minister Masayoshi Takemura and BOJ Governor Yasuo Matsushita will attend the G-7 meeting, and it seems that agreements at the meeting will be adopted in the form of a "president's declaration."

The G-7 member nations are strongly interested in the movement of interest rates because a rapid increase in long-term rates might become an obstacle to economic growth in each G-7 nation. There is growing concern that a further issue of national bonds by Japan as a means to secure revenue for rebuilding after the great Hanshin earthquake might cause a sudden increase in interest rates.

Because of this, Japan plans to emphasize at the G-7 meeting that the BOJ will try hard to calm the financial markets by supplying sufficient funds to satisfy Japanese banks' demand for funds.

On the other hand, it seems that while explaining again their stand of avoiding a long-term interest rate hike by taking such measures as reducing financial deficits and increasing their savings, the G-7 nations will confirm their goal of firmly maintaining the policy line of "continuous economic growth without inflation."

As for the international anxiety about the currencies issue, in addition to an $18 billion comprehensive aid package for Mexico which will be provided by the governments and private banks of Japan, the United States, and Europe, the meeting will discuss additional support measures for Mexico.

Jiang Zemin's Comments on Taiwan Welcomed

OW0102223095 Tokyo ASAHI SHIMBUN in Japanese 31 Jan 95 Morning Edition p 2

[FBIS Translated Text] "We welcome China's stand on promoting exchanges with Taiwan," said Kunihiko Saito, administrative vice minister of foreign affairs. His comment indicates the government's favorable reaction to Chinese President Jiang Zemin's speech delivered on 30 January that suggested exchanging visits by leaders of the two nations.

However, the government is also concerned over certain wording in his speech, such that the Taiwan leaders are welcome to pay visits in "appropriate capacities." It thus intends to keep a close eye on Taiwan's reaction to it.

With the approach of the Asia Pacific Economic Cooperation [APEC] forum in Osaka in November, the government still seems to fear that Chinese leader's speech may become another source of dispute between the two nations.

At a news conference held on 30 January, Vice Minister Saito said, "His speech is no different from China's stand to date." When asked about the government's handling of the APEC forum, Saito merely said, "It is not appropriate to comment on it at this moment."

While calling for top-level talks with Taiwan's President Li Teng-hui, Jiang stated, "It would be impossible for the two of us to meet at international gatherings." Considering this fact, the government thinks that "China would not permit Li to attend an international forum like an APEC meeting" (as stated by a senior Ministry of Foreign Affairs official).

DPRK Envoy: Tokyo's New Mood in Talks Positive

OW0202100395 Tokyo KYODO in English 0853 GMT 2 Feb 95

[FBIS Transcribed Text] Manila, Feb. 2 KYODO—North Korea's ambassador to Thailand on Thursday [2 February] welcomed the reported mood within the Japanese Cabinet to withdraw preconditions to talks on normalization of ties with North Korea, saying the removal of preconditions will bode well for the progress of negotiations.

"I don't know whether it is confirmed or not but news from Japan said Japan withdrew the preconditions, so I think the perspective is not bad," Ambassador Yi To-sop told KYODO NEWS SERVICE.

Li was referring to Tokyo's past requests to confirm the safety of a Japanese woman, Yi Un-hye, allegedly abducted by the north to train a self-confessed North Korean terrorist, Kim Hyon-hui, convicted of blowing up a Korean Air jet in 1987.

Japanese Cabinet insiders reportedly say there is now a general inclination within the cabinet to withdraw such a precondition to the talks.

"From our part, there is no problem on having relations with Japan ... but the problem is that (the Japanese) government is pursuing one-sided, hostile policies against my republic," Li said.

"If they raise a subject which is not connected to the main theme, it could be construed they have no willingness to continue the talks," he added.

The envoy, who is currently on a four-day visit to Manila as part of a series of talks on establishing diplomatic ties, also said, "we do not have any idea about the unidentified woman from Japan."

Li also said that for ties between Pyongyang and Tokyo to be normalized, Japan must clear up issues regarding war crimes and compensate the North Korean people.

During the wide-ranging interview, he declined to say when Kim Chong-il would be formally inaugurated as successor to his father, the late President Kim Il-song.

He however indicated that the younger Kim could be inaugurated after a mourning period of one year.

"It is one of the traditions of Asia ... to pay sorrow or condolence, (to observe) a mourning period of 100 days, one year, something like that," he said. "So the general mood should be favorable in taking the other steps, but still our supreme leader Kim Chong-il is mourning our late president."

The envoy also said that while Kim Chong-il has not yet been formally named general secretary of the Workers Party of Korea and president of the country, "he is leading in fact all our party, government and armed forces, he is leading everything."

Li at the same time called on South Korea to apologize first to the North Korean people for Seoul's "upsetting" actions right after the death of Kim Il-song on July 8, in order for the stalled inter-Korean dialogue to proceed.

He was referring to Seoul's raising of full military alert, its refusal to allow South Koreans to cross the demarcation line dividing the peninsula to take part in the mourning ceremonies for Kim Il-song, and its crackdown on Koreans who held mourning rites in South Korea.

Li also said North Korea is "carefully looking at the developments" in the Asia-Pacific economic cooperation forum, which he called a good forum for the expansion of trade within the region.

Tokyo Lays Out Condition on Aid To DPRK

OW0202100795 Tokyo NHK General Television Network in Japanese 0300 GMT 2 Feb 95

[Announcer-read report; from "NHK News" program]

[FBIS Translated Text] At a lower house budget committee meeting today, Foreign Minister Yohei Kono, touching on the issue of aid to the DPRK regarding conversion of the latter's nuclear reactors to the light-water type, announced that should the DPRK fail to carry out its recent agreement with the United States to clear up questions about its suspected development of nuclear weapons, Japan would suspend its aid efforts.

At the committee session this morning, Michihiko Kano, a member of the New Frontier Party, questioned the government over the issue of aid regarding the DPRK's nuclear reactor conversion in line with a bilateral agreement between the United States and the DPRK, asking how it intends to respond if Japan's suspicions about the DPRK's nuclear program are not cleared up in five years as scheduled.

Kono replied: "The United States and the DPRK have agreed that they will make mutual efforts toward completely clearing up suspicions about the DPRK's alleged development of nuclear weapons prior to the installation of core components of light-water reactors. Therefore, should one side fail to carry out the agreement, this issue will hang in the air." In this way, Kono indicated that Japan will suspend its aid efforts unless the DRPK clears up suspicions about its alleged development of nuclear weapons.

In response to Kano's question on how the government intends to secure funds in connection with Japan's financial aid for the nuclear reactor conversion project, Yutaka Kawashima, director general of the Foreign Ministry's Asian Affairs Bureau, said: We cannot think of using funds through our overseas development assistance programs since no formal relations exist between Japan and the DPRK.

Government To Send $60,000 to Flood-Hit Europe

OW0202085195 Tokyo KYODO in English 0813 GMT 2 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 2 KYODO—Japan will extend a total of 60,000 dollars to four European countries suffering from huge floods, the Foreign Ministry said Thursday [2 February].

Japan will offer 15,000 dollars each to France, Germany, the Netherlands and Belgium.

The money will be extended to the governments through Japanese embassies in those countries soon, the ministry said.

Torrential rain in northern Europe since late last month has caused rivers in Germany, France, the Netherlands and Belgium to flood, including the Rhine and the Meuse.

As of Wednesday, 29 people have died from the floods. Nearly 250,000 people have been evacuated, according to the ministry.

Protests Over Nuclear Waste Transport Noted

OW3101142595 Tokyo ASAHI SHIMBUN in Japanese 30 Jan 95 Morning Edition p 1

[FBIS Translated Text] Voices of protest against naval transport of high-level radioactive wastes which are to be returned to Japan in late February by a French nuclear fuel reprocessing plant commissioned by Japanese power companies have arisen in about 20 countries the transport vessels are expected to sail past. The Ministry of Foreign Affairs [MOFA] is facing difficulties in responding to the situation, saying: "All we can do is to persistently seek understanding on the safety of the operation" (as stated by Akira Hayashi, director general of arms control and scientific affairs at the MOFA).

On 20 January, Yasuji Ishigaki, Japanese ambassador to the Dominican Republic, received a notice from Dominican Foreign Minister Carlos A. Morales Troncoso, warning that Japanese transportation vessels "should avoid passing through territorial waters or the vicinity." Since late last year, the Philippines, Nauru, and other Pacific countries have conveyed to the Japanese Government that they intend to "disapprove passage through territorial waters." It is said that about 20 countries have expressed opposition, including those that have indicated displeasure via their respective local mass media.

Members of the environmental preservation group "Greenpeace" have visited the MOFA, protesting to ministry officials in charge of the matter that the ministry "should publicly disclose information on the transportation route, assess the possible impact on the environment in case of accident, and provide valid explanation to coastal countries where Japanese vessels are scheduled to pass by."

Nine Japanese power companies and the Japan Atomic Power Company have commissioned the UK and France to reprocess approximately 7.1 thousand tons of spent nuclear fuel. In the process, about 30 tons of plutonium is to be recovered for use as fuel at atomic power plants and other facilities in Japan. It is still uncertain how many years it will be before transportation of this plutonium to Japan begins. About one ton of plutonium has already been transported to Japan by the Akatsuki-maru between 1992 to 1993 for use as replacement fuel for the "Monju," a prototype fast breeder reactor Japan has built for research and development.

In the process of reprocessing spent nuclear fuel, liquid wastes are produced. These are burnt and fused with glass into packets. In the upcoming operations, 28 such packets are to be transported to Japan. Since Japan is required to take back waste materials under its contracts with the UK and France, it plans to take back 3,000 and several hundred such packets over the next decade or two.

Although information on the transportation route has not been disclosed to the public, transportation vessels are expected to travel to Japan via either of the following routes, among other possibilities: 1) the Panama Canal; 2) the tip of South Africa; or 3) the Suez Canal.

Paper Urges Indefinite Extension of NPT

OW0102070895 Tokyo YOMIURI SHIMBUN in Japanese 31 Jan 95 Morning Edition p 3

[Editorial: "Make Endeavor To Get NPT Extended Indefinitely"]

[FBIS Translated Text] The nuclear Nonproliferation Treaty (NPT) has entered its final year of effectiveness and expires this year. A conference to discuss the extension of the treaty will be held in April and May. Whether it can achieve majority approval of member countries (170 at present), and thus can be extended, is a grave question which will affect the future of world security.

Last week, a final meeting to prepare for the full-fledged conference was held in New York. It was learned in the meeting that the countries which clearly support the indefinite extension of the treaty numbered a little over 60 countries—Japan, the United States, and European countries being among them—and it is difficult to predict whether a majority can be mustered in the main conference.

Major non-aligned countries insist that the treaty should be extended only for a definite period. Consequently, many other non- aligned countries are unable to decide on their positions. The key question is now whether Japan, the United States, and European countries can persuade these undecided countries to cooperate with them.

There has also been the persistent complaint that the NPT is a treaty which discriminates against non-nuclear-armed nations and favors nuclear-armed nations like the United States, the United Kingdom, France, China and Russia. Besides, there remains that the awkward issue of the countries like Israel and India not being a signatory to the treaty.

Nonetheless, there is no doubt that the treaty has been effective in slowing the increase in the number of nuclear-armed countries, which can serve the cause of world peace in terms of limiting problems. Now the profusion of nuclear arms is a matter of grave concern, more than ever, and it is imperative that the international community preserve its NPT system.

We have agreed to our government's position on supporting an indefinite extension of the treaty, and have urged the government to make diplomatic efforts toward encouraging other countries to support the treaty.

It may become necessary for countries to seek some kind of compromise at the final stage in order to prevent the conference from breaking down, but at this stage, what Japan must do is to step up its efforts to get the treaty extended indefinitely.

First of all, it is reminded, Japan's policy is that it will never have nuclear arms. The indefinite extension of the treaty is in conformity with that policy. Japan is also suspected of having the technical capability to build nuclear arms. Should Japan "shift" its position toward supporting an extension for a definite period, it can invite the misunderstanding of the international community, which could interpret the shift as Japan's wish to retain the possibility of owning nuclear arms in the future.

Secondly, the indefinite extension of the treaty is not synonymous with following and bowing to the position of the nuclear-armed nations. Most of non-nuclear European countries and Asian-Pacific region countries like Canada, Australia, and New Zealand have expressed support for the extension.

These are the countries which consider cooperation in the international community important and want to present a responsible approach, while recognizing the realities of the relationship between world peace and nuclear arms. Japan should act as a member of this group until the end.

On the other hand, we would like to ask the nuclear-armed countries to do the following to create favorable conditions for getting the NPT extended smoothly:

First, the United States and Russia should ratify the second Strategic Arms Reduction Treaty by April and should go about the work of dismantling nuclear arms actively.

Second, the Arms Reduction Conference in Geneva is urged to speed up the work of drawing up the Treaty for a Total Ban on Nuclear Arms Tests. China should immediately join the nuclear arms test freeze put in effect by other nuclear-armed countries. The repeated conduct of nuclear arms tests by China is a factor impeding the extension of the NPT.

Third, the nuclear-armed countries should take a forward-looking action on the non-aligned countries' demand for "guarantees that non-nuclear countries will not be subject to nuclear arms attacks"—for instance, in the form of passing a resolution at the UN Security Council.

The NPT's Article 6 calls for sincere efforts towards arms reduction by nuclear-armed countries. Those countries should make efforts sincerely and seriously, thus allaying complaints about the treaty being unfair and discriminatory.

Official Favors Stopgap Bonds for Quake Relief

OW0202120195 Tokyo KYODO in English 1124 GMT 2 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 2 KYODO—Vice Finance Minister Jiro Saito suggested Thursday [2 February] that "stopgap" bonds would be preferable to deficit-covering bonds to finance restoration work in areas hit by the Jan. 17 great Hanshin earthquake.

Saito said at a press conference that it would be against the ministry's policy of seeking sound finances to issue deficit-covering bonds without any prospect of redemption funds, even if they were solely for the purpose of financing quake relief measures.

Unless a source of revenues is secured, the ministry cannot determine the redemption terms of bonds, if any, in drafting another supplementary budget for the current business year ending March 31, Saito said.

Under the Finance Law, the government is allowed to issue only "construction bonds" to finance public works projects, as well as capital subscriptions and loans.

However in the past, to make up for lower tax revenues, the government issued deficit-financing bonds under special legislation effective only for each of fiscal years from 1975 to 1989.

Stopgap or bridge bonds are classified as deficit-covering bonds under the finance law, but the ministry seems to favor such bonds because the sources of redemption funds are specified at the time of issuance.

The ministry previously issued stopgap bonds to finance the multilateral force for the Persian Gulf war in fiscal 1990 and income tax cuts in fiscal 1994.

Issuing stopgap bonds is becoming the talk of the ruling coalition parties because "construction bonds" cannot cover reconstruction work, such as clearing the rubble of collapsed buildings and subsidizing construction of temporary housing, government sources said.

Asked about redemption funds this time, Saito said, "they are not yet in sight," adding that neither stopgap bonds nor deficit-covering bonds are under consideration.

Regarding reports about the option of increased taxes as redemption funds, Saito only said the ministry cannot discuss the issue until a complete assessment of quake damage has been made.

Business Leader on Need for Tax Hikes

OW0202084195 Tokyo KYODO in English 0748 GMT 2 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 2 KYODO—Business leader Kosaku Inaba said Thursday [2 February] tax hikes are needed as part of a comprehensive plan to finance construction bonds, moving up the time for the consumption tax rise and other steps are needed to respond comprehensively" to the Jan. 17 disaster, said the chairman of the Japan Chamber of Commerce and Industry.

Simply accelerating the planned April 1997 consumption tax hike, set to rise to 5 percent from 3 percent, or issuing government bonds is not enough, Inaba told a regular news conference.

But the consumption tax rate should not be raised beyond 5 percent, he said, as the tax itself is still rather new and "it would be undesirable to cause anxiety."

The government must also first determine fund demand and make public a reconstruction project, he added.

Most quake damage estimates are in the 5-10 trillion yen range, but the outspoken Inaba estimated soon after the quake that damage will run to "more than 40 trillion yen."

Ruling coalition officials say they are discussing ways to pay for the rebuilding of the quake-hit Kobe area, including issuing deficit-financing bonds and construction bonds and financing them through such means as accelerating the consumption tax hike, scaling back current income and residence taxes or levying a special tax, such as on fuel.

Inaba indicated that passage of the budget for fiscal 1995, which starts in April, should not be delayed by rewriting it to include reconstruction policy, but that quake measures should be put in a supplementary budget.

For more immediate steps, the finance ministry is already working on a second supplement to the current budget.

BOJ Governor on Financial, Economic Situation

952A0295A Tokyo KINYU ZAISEI JIJO in Japanese 2 Jan 95 pp 28-31

[FBIS Translated Excerpt] **Yasuo Matsushita, Bank of Japan Governor**

I was appointed Bank of Japan governor in December of last year. I renew my request for your cooperation for I intend to spare no effort in discharging the responsibilities inherent in my position. In welcoming the New Year of 1995, I will delineate my thoughts on the domestic and international financial situation and the future course of financial policy, in lieu of the traditional New Year's greetings. [passage omitted]

Current Japanese Economic Situation

A look at our nation's economy reveals that the adjustment phase which started in April 1991 continued for just over two and one-half years, that signs of improvement began to gradually manifest themselves after the start of last year, and that the economy is in a gradual recovery phase.

Among final consumption sectors, aside from the continuing support of the economy by the public works and housing investment sectors, even individual consumption, albeit not in a straight-line trend, is generally continuing its growth, primarily in the durable goods sector. Capital investments have been hit by a slowdown over an extended period, but we finally witness in recent days signs of a recovery in machine orders which serve as a leading indicator. During this period, exports have been recorded at a high level despite the strong yen based on favorable overall economic trends in overseas areas, but imports are increasing at a rate exceeding the growth in exports and the net increase in overseas purchases is functioning to depress the gross domestic product (GDP).

A collective analysis of the foregoing factors reveals that the GDP as a whole is continuing its gradual expansion sustained by domestic demand, thus leading to the completion of the inventory adjustment cycle and increased manufacturing from the beginning of last year. Corporate profits have finally begun to recover based on stepped-up operating rates primarily in the area of manufacturing and the effects of cost reductions based on restructuring, and corporate psychology is also in an improving trend. The period has been marked by stable prices owing to the effects of increased imports of cheaply priced goods.

As illustrated by the foregoing discussion, our nation's economy is currently in a phase where it is gradually improving from an overall perspective. Any outlook of future economic trends must emphasize the durability and pace of the recovery. The reason is that the current recovery phase can be expected to reflect self-regulated recovery and attendant momentum as well as elements which restrain recovery, similar to past experience.

In reality, the future outlook of corporate executives is very insecure because Japan's corporations must respond to the previously stated major changes in the world economy and the residual effects of asset devaluations. Such circumstances have an effect on the very core of corporate activities and should manifest themselves in capital investment trends which reflect the dynamism of market economies. In that sense, attention will be focused on the timing and momentum of capital investments.

Structural Conversion of Japanese Economy

Actions to be taken in response to changes in the world economy are mid- and long-term issues which transcend their involvement with the near-term economic recovery of Japan's economy. The rapid conversion of Asian nations to market and industrialized economies is being accompanied by increased competition in the labor-intensive areas of the markets, and our nation's economy is being forced to restructure industrially into a financial and services industry mode which is technology- and capital-intensive. Put another way, an issue facing Japan and Asia is the construction of a new international industrial stratification. Specifically, we can probably look forward to the widespread adoption of an arrangement whereby the fabrication and assembly of labor-intensive components are handled in newly industrializing nations, while the manufacture of precision components, which represent the core of parts fabrication equipment and products, is handled in our nation. Coping with such issues will undeniably impose difficulties including work-force reductions in our nation's corporations and industry, but represent a task that we cannot avoid. Moreover, the globalization of industrial stratification will not only contribute to technical advances in our nation's industrial structure, but should lead to new growth in nations of the world, including Japan.

Further, if the declining trend in the growth rate of the working population is considered, it would probably be a natural trend for our nation itself to concentrate its economic activities in the technology- and capital-intensive sectors. It is felt that the efficient conversion of the industrial structure in harmony with global trends should lead to balanced growth.

Balance Sheet Issues and Operation of Financial Institutions

Actions to be taken in response to so-called "balance sheet issues" accompanying devaluation of assets will continue to be a serious problem for our nation's economy. It need not be mentioned that the balance sheet issue, involving the rise in asset values and the subsequent decline in asset valuations posing a burden on corporations and financial institutions in the form of paper losses and nonperforming assets, poses a problem for the financial system in terms of maintaining stability. In that sense, the problem is significant in terms of a financial issue. However, there is the possibility that the issue posed somewhat of a heavy burden on real economic activity in the past.

If we keep such factors in mind and view past actions taken in response to balance sheet issues, we note that corporations have revised their operations, reduced costs, disposed of idle assets, and reduced interest-bearing debt. Even financial institutions are aggressively amortizing and exerting all-out efforts at effecting early disposal of bad assets. Such efforts have resulted in a situation where our nation's nonperforming asset balances have already peaked and we no longer face the problem of how far our nation's financial institutions' nonperforming asset issue will expand. We can say that the shape of the issue itself has become very clear. If we consider U.S. precedents, if the shape of the nonperforming asset issue becomes clear and conditions for their disposition are in place, even if their disposition has not been completed, we can expect that their depressing effect on the economy will diminish.

However, actions taken by such financial institutions have been limited to amortization and charges against reserves relative to nonperforming assets, and corporations still face the crucial test of effecting improvements in cash flow through the disposition of idle assets and attendant recovery in net worth. Financial support should play a critical role in terms of the efficient implementation of our nation's previously mentioned economic restructuring. Even in this sense, there is a need for financial institutions to aggressively pursue the disposition of bad assets and a recovery in net worth.

On the other hand, progress in financial deregulation and information and telecommunications technology have increased the resources available to financial institutions to engage in strategic operations based on creative concepts. Deregulation of interest rates on variable-rate deposits was implemented last fall, completing the process of deregulating deposit interest rates which had been progressing since 1985. The result has been a definite change in the uniform funds-raising format under regulated interest rates and financial institutions have been placed in a position where they determine the needs of clients and engage in the development of a variety of interest rates and product designs.

Further, the financial institutions do not limit themselves to traditional financial services such as deposits and loans, but engage themselves in the active trading of derivatives to remain aptly responsive to client needs to hedge themselves against risks associated with fluctuations in interest and foreign exchange rates. Even financial institutions themselves are engaged in the active management of assets and liabilities within the confines of client transactions to include the utilization of derivatives trading such as interest-rate swaps.

Further, conditions are being improved for the apt handling of diversifying client needs through the establishment of subsidiaries specializing in different sectors of the financial industry and increasing competition created by the entry of new industry participants from other sectors of the financial industry.

Stability of Financial System

As discussed in the foregoing section, financial institutions are coping with two issues consisting of actions to be taken on the disposition of bad loans which were created in the past and the deployment of creative operations rich in novel ideas. Actions of this nature on the part of financial institutions play a role in enhancing the efficiency of financial capital markets and strengthening financial systems.

Financial systems provide the infrastructure for the smooth operation of the economy and serve as the conduit for financial policies having the objective of price stability. Instability associated with financial systems compromise funds settlement and financial intermediary functions, destabilize confidence in currencies, and pose obstacles against the attainment of stable prices.

On the other hand, failure to attain stable prices will preclude the maintenance of a stable financial system. In that sense, price stability and financial system stability are not mutually exclusive, while the simultaneous attainment of both conditions is indispensable to the realization of noninflationary, sustained growth.

The building of a healthy, strong financial system requires the maximum attainment of "market economy dynamism," premised on the "establishment of the principle of self-accountability" in the financial capital markets.

The following four specific trends are considered necessary in realizing the foregoing objective:

First, additional progress must be made in providing for conditions which enable creative operational activities based on the principle of self-accountability on the part of financial institutions. In the past, our nation's financial institutions were prone to compete only in terms of volume. However, in the future, additional steps taken towards deregulation will provide for diversified services including the development of new products and an environment in which such activities will encourage competition and innovative concepts.

Second, survival under a competitive environment will require financial institutions to restore and improve profitability and to build and strengthen risk control systems on their own initiative.

Third, there is a call for a market-based surveillance mechanism. There is a need to encourage information disclosure based on the principle of self-accountability and the adequate functioning of systems which provide for evaluating the balance between risk-taking and returns of financial institutions through market surveillance functions.

Fourth, improvements in the infrastructure affecting financial transactions, to include settlement systems, legal systems, tax systems, and accounting systems, should lead to enhancements in market functions. Even the Bank of Japan is actively engaged in a continuing effort to improve financial sector infrastructure by providing support to the creative efforts of financial institutions. An example of such efforts include the delivery-versus-payment (DVP) system which began operating in April of last year in connection with government bond transactions.

Improved efficiencies in the financial capital markets consistent with such trends should contribute to the future vitality of our nation's economy as a whole.

Management of Financial Policy

Our nation's economy is in the process of regaining a brighter outlook, but a change in the industrial structure cannot be avoided in the face of a major upheaval in the global economy. Policy actions taken in the past and desperate private-sector restructuring efforts are finally producing visible results in the form of a gradual economic recovery. A most desirable objective is to stabilize this trend and to establish truly balanced economic growth.

The Bank of Japan intends to exert maximum efforts at stabilizing prices and the financial system so that progress can be made in building the required infrastructure and provide for adequate functioning of market mechanisms.

Role of Public Financial Institutions Reviewed

952A0332A Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Jan 95 pp 1, 3

[FBIS Translated Excerpt] The draft of the review of public financial institutions compiled by a group led by the ranking city banks was released on 15 January. The review seeks a reduction in the role played by a total of five institutions including the Japan Development Bank and the Small Business Finance Corporation and to reinforce the auxiliary role played by public financial institutions over the private sector through proposals such as 1) introduction of a loan application certification system, 2) reduction of direct loans and increase of loan guarantees, 3) reduction of loans handled solely by public financial institutions and expansion of loans offered jointly with private-sector financial institutions, and 4) abolishment of the first mortgage claims and prohibition of priority rankings for collateral. The review also seeks the promotion of public disclosure to maintain transparency of management practices.

The draft review consists of an internal report which analyzes the role of public financial institutions in response to the intensifying competition between city banks and public financial institutions in the area of loans and is characterized by the fact that it seeks a reduction in public financial institution activities as a matter of real near-term policy.

The coalition ruling parties are studying the situation with a view to privatize, consolidate, or abolish special corporations. However, private-sector financial institutions which compete with public financial institutions have clarified their position of seeking a reduction in role rather than privatization, consolidation, or abolishment of public financial institutions, and are likely to have an effect on the studies being performed by the Administration and the coalition ruling parties.

The draft review cites as possible role reductions loans issued by the Japan Development Bank to exchange-listed, major firms; Japan Export-Import Bank loans to fund the establishment of overseas branches of blue chip firms and issued to advanced industrialized nations in the form of untied loans; and loans of the Housing Loan Corporation issued to high-income earners and loans to be used in purchasing vacation homes. The draft review points out that such loans are the type where the private sector can assume the risk and issue loans, while the handling of such loans by public financial institutions violate the purpose of such institutions existence.

The loan application certification proposed for the purpose of avoiding competition with the private sector is a system used by the U.S. Small Business Administration. The system reinforces the principle that public financial institutions exist to augment private-sector institutions and requires private-sector financial institutions to issue certificates saying they considered but did not issue a loan in all cases where a public financial institution issues a loan. Implementation of the system in Japan will require coordination in relation to the main bank system, but the draft review insists that the system should be considered for adoption in Japan.

The draft report also provides that if public financial institutions reduce direct loans and emphasize guarantee functions over private-sector loans, the approach would provide maximum stimulation to the private sector. The draft report also provides that the public financial institutions share of cooperative loans made by the Japan Export-Import Bank and the Japan Development Bank with private sectors banks should be reduced to less than 50 percent and the Housing Loan Public Corporation should be required to coordinate its individual loan operations with private-sector banks.

The main features of the draft review of public financial institutions prepared by city banks are as follows: [passage omitted]

- Japan Export-Import Bank

  Abolishment of loans to blue chip firms and untied loans to advanced industrialized nations.

  Reduction of financial activities associated with imports.

  Changes in the system specializing in guaranty services.

  Modification of share of cooperative loans and conditions applicable to such loans made by private-sector banks.

  Transition from the trend to expand operations to greater emphasis of risk management. [passage omitted]

Keidanren Urges 3-4 Percent Growth Target

OW0102042995 Tokyo KYODO in English 0357 GMT 1 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 1 KYODO—Japan should seek an average economic growth rate of 3 percent to 4 percent in the medium term, the leader of Japan's top business lobby said Wednesday [1 February].

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), made the comment at a lecture meeting sponsored by KYODO NEWS SERVICE.

A growth rate of 3 percent to 4 percent is realistic for Japan, although ideally, it should aim for 4 percent, Toyoda said.

He also urged the government to do its best to achieve its projection of a 2.8 percent growth rate in fiscal 1995, although some experts say that will be difficult.

Regarding the Jan. 17 earthquake disaster in the Kobe region, Toyota said Keidanren estimates the damage at 13 trillion yen.

Consumer Confidence Up 5.7 Percent Oct-Dec

OW3101084195 Tokyo KYODO in English 0733 GMT 31 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 31 KYODO—Japan's consumer confidence index rose in the October-December period for the fourth straight quarterly increase, up 5.7 percent to 46.1 on a seasonally adjusted basis, the Economic Planning Agency (EPA) said Tuesda?y [31 January] in a survey report.

Mainly contributing to the gain was considerable improvement in consumer confidence in employment, commodity prices and buying durable goods, the agency said.

Improvement of confidence in income also contributed to the rise, it said.

However, the percentage of households which bought 28 durable consumer goods surveyed decreased 1.8 points from the previous three-month period to 51.1 percent, it said.

By category, the percentage of households which purchased cooling and heating equipment dropped 2.5 points to 7.7 percent with the buying of air conditioners decreasing.

Most other durable goods categories also showed a quarterly decline in the index.

The percentage of households which made a domestic trip stood at 36.1 percent, up from 34.7 percent a year earlier, and that of overseas trips also rose to 4.7 percent from 4.3 percent, it said.

An EPA official, "it's hard to predict the next quarter's movement as the consumer confidence index rose for the fourth consecutive quarter. It may have been peaked but careful watch is needed."

The quarterly survey, conducted in December, covered 5,040 households nationwide, out of which 5,039 households or 99.9 percent responded.

Rise in Capital Outlays Seen Boosting Economy

OW3101092795 Tokyo KYODO in English 0816 GMT 31 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 31 KYODO—Capital outlays by major business firms appear to be recovering in view of their investment projections for the January-March quarter in the wake of the protracted slump triggered by the burst of the "bubble" economy, the Economic Planning Agency (EPA) said Tuesday [31 January].

The agency said in a survey that overall capital spending by the major firms is projected to record a 0.3 percent increase in the three-month period from the preceding quarter.

Capital outlays by manufacturers alone are expected to post a 0.1 percent rise during the period, while those by nonmanufacturers are expected to undergo a 0.8 percent rise, the agency said.

In the upcoming April-June quarter, however, the survey found that the companies plan to pare down capital outlays in plants and equipment by 3.9 percent from the previous quarter.

In the three-month period, manufacturers plan to scale back capital spending by 0.6 percent, while nonmanufacturers are to bring down their outlays by 4.6 percent, the survey found.

For fiscal 1994 ending March 31, companies revised upward their capital investment projections to a yearly 3.4 percent fall from the initially projected 7.8 percent drop for the fiscal year.

This is the first time that Japanese companies are projected to cut their capital spending for three consecutive years since the survey started in 1984, but the revised figure is better than the 11.6 percent fall registered the previous fiscal year, the EPA said.

The survey was conducted last Dec. 1, involving 4,537 companies capitalized at 100 million yen or more, with 96.5 percent or 4,377 companies responding.

Capital outlay is one of the closely-monitored yardsticks of the status of a nation's economy, as it is one of the two key engines that fires the economy, along with personal consumption.

In fiscal 1994, capital outlays by major companies are projected to come to 41.83 trillion yen in accordance with December statistics, the agency said. The figure compares with 43.31 trillion yen for the preceding fiscal year.

In the current fiscal year, manufacturers plan to whittle down their capital outlays by 10.4 percent over the previous fiscal year to 12.87 trillion yen, the agency said.

The figure compared with the preceding fiscal year's 14.37 trillion yen.

Nonmanufacturers envision trimming their capital spending by a mere 0.1 percent to 28.96 trillion yen, it said. The figure compared with the preceding fiscal year's 28.94 trillion yen.

The "business survey index" (BSI) for the overall economy for the January-March period, stood at 29 to indicate that business confidence is still being bolstered in a continuation of the preceding October-December quarter's upturn, the first time in 18 quarters.

The index leapt to 43 for the April-June quarter.

The BSI is calculated by comparing the percentage of companies expecting better business conditions with that of those replying otherwise.

The agency reads business conditions for six months ahead by comparing industrialists' sentiment for the current, following and subsequent quarters.

The survey also showed that the BSI for domestic demand came to 20 for the January-March quarter and 23 for the April-June quarter, and the BSI for external demand came to 7 and 8, respectively.

Government Maps Out Outline on Deregulation

OW0102223195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Feb 95 Morning Edition p 5

[FBIS Translated Text] The government has mapped out an outline for a statement by the Deregulation Study Committee to be presented to the Administrative Reform Promotion Headquarters in mid-February. The outline has been mapped out on the basis of opinions of members from the private sector serving on the committee. The private sector members have been involved in drawing up a plan for the promotion of deregulation. The outline calls: 1) for establishing a permanent assessment body through which the government will accept opinions from the private sector on measures to relax regulations even after the outline of the statement is submitted to the Administrative Reform Promotion Headquarters, 2) on the ministries and agencies concerned to carry out a fundamental reassessment of all regulations under their jurisdictions, and 3) for abolishing all the regulations concerned after the passage of a certain period of time and incorporating a deadline provision for the regulations in the plan for the promotion of deregulation. The outline carries the differing opinions of the members. The government plans to coordinate these differing opinions.

The Deregulation Study Committee is a body under the Administrative Reform Promotion Headquarters (headed by Prime Minister Murayama), which will formulate the plan for the promotion of deregulation by the end of March. The committee is mandated to draw up the plan. The committee, which consists of officials in charge of deregulation in the ministries and agencies concerned and members from the private sector, has continued since early January to study ways to relax regulations.

The outline is composed of an introduction and 12 chapters concerning housing, land, information, communications, distribution, energy, pollution, waste, environmental conservation, competition policy, and other areas. The introduction proposes incorporating numerical targets for abolishing the regulations contained in the plan for promoting regulations. The outline also proposes setting progress in correcting the price differentials between Japan and other industrial nations, and the increase in the number of companies gaining access to specific markets as criteria for assessing the effects of the deregulation.

In the chapter on competition policy, the outline proposes reviewing a clause of the Antimonopoly Law that bans the establishment of holding companies. The outline suggests that the "uniform ban" be replaced with the "free principle and partial regulation," under which regulations are imposed only if and when market monopoly causes an adverse impact on the economy. In the chapter on employment and labor, the outline demands the liberalization in principle of regulations on occupations that are applied to occupational changes and employment agencies.

While many members from the private sector are demanding the inclusion of their opinions in the plan for the promotion of deregulation, the government plans to use the outline as reference data. It is unclear how many of their opinions will be reflected in the plan.

Committee To Revise Basic Space Policy

OW0202112795 Tokyo ASAHI SHIMBUN in Japanese 2 Feb 95 Morning Edition p 3

[FBIS Translated Text] On 1 February, the Space Development Committee (chaired by Machiko Tanaka, director general of the Science and Technology Agency) decided to revise the outline of its space development policy, which is Japan's fundamental guideline for the next 15 years, around this summer. It will be the policy's first revision in six years. The committee's Long-Term Policies Department (headed by Toru Tanabe, professor of Tokyo University Technology Department, and composed of 25 members) will map out a draft platform by the end of June.

Internal Strife Plagues MITI

OW0202111995 Tokyo EKONOMISUTO in Japanese 7 Feb 95 p 15

[Unattributed article from the "Line Up" column: "Internal Strife in MITI Can Top People's Imaginations"]

[FBIS Translated Text] In the Ministry of International Trade and Industry [MITI], where peace was thought to have returned after Vice Minister Hideaki Kumano suddenly resigned late last year, it looks like a seed of fire is brewing.

One former senior MITI official was concerned about the possibility of new strife breaking out in the ministry, saying: "In the recent personnel reshuffle, people who distributed subversive literature [allegedly saying bad things about Kumano] have been favorably treated. The group opposing them will probably not remain quiet. There will be a battle for an eye for an eye and a tooth for a tooth. The situation can develop into the worst possible case." An incumbent division director was moody as he said: "This could be the beginning of ruleless strife."

To come to think of it, the reshuffle was certainly a strange one. All those considered the masterminds in the so-called "Naito incident" [in which the Hosokawa government fired Masahisa Naito, then director general of the MITI Secretariat, early last year for allegedly favorably treating a MITI official when the latter ran in the Diet election on the Liberal Democratic Party ticket in 1993] have been promoted, with Hisashi Hosokawa, director general of the Basic Industries Bureau, for instance, being promoted to director general of the MITI International Trade Policy Bureau. On the other hand, Osamu Watanabe, director general of the MITI Machinery and Information Industries Bureau, who many thought would be named director to the ministry Secretariat, has failed to get the position, and remains in his old position. The reshuffle apparently is interpreted as having been very much faction-oriented.

What is particularly noteworthy is the promotion of Masataka Nagano, councilor of the ministry Secretariat, to deputy director general of the MITI Machinery and Information Industries Bureau, which is considered a post on the promotion ladder leading up to the vice minister's post. Nagano, who is thought to have been involved in sending out the subversive literature, has been promoted to the new post after serving only six months in the previous one. Some people think Deputy Director General Nagano's job is to watch Director General Watanabe and to participate in personnel matters of retired MITI officials through bicycle race funds that are under the bureau's control.

However, even these people are aware that there is a seed of trouble brewing that "can develep into a scandal," according to a former MITI official. The question is when the opposing group will drop the bomb. If the group drops the bomb, the strife will develop into a quagmire. Then, it will become a "ruleless strife," and the internal strife can develop into a situation in which even those involved have not foreseen.

Orders for Construction Firms Down in 1994

OW3101072195 Tokyo KYODO in English 0641 GMT 31 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 31 KYODO—Orders received last year by Japan's 50 major construction companies fell 2.7 percent from the previous year to 19.20 trillion yen to post the third consecutive yearly decline, the Construction Ministry announced Tuesday [31 January].

Domestic orders came to 18.36 trillion yen, down 3.4 percent, while overseas orders amounted to 842 billion yen, up 15.2 percent, the ministry said.

Among domestic orders, those from the private sector decreased 5.7 percent to 11.42 trillion yen but those from the public sector increased 0.6 percent to 6.41 trillion yen.

Orders from manufacturing industries fell 10.3 percent to 1.61 trillion yen, while those from nonmanufacturing industries dropped 4.9 percent to 8.82 trillion yen.

In December alone, however, orders received by the same 50 companies rose 6.1 percent year-on-year to 1.71 trillion yen.

Auto Sales Up for 8th Straight Month

OW0102053595 Tokyo KYODO in English 0503 GMT 1 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 1 KYODO—Japan's motor vehicle sales in January gained 5.1 percent over a year earlier to 275,188 for the eighth straight month of year-on-year rises, an industry association reported Wednesday [1 February].

The figure, however, was down 24.1 percent from the preceding month, the Japan Automobile Dealers Association said.

Imported cars accounted for 19,752 of the sales, up 62.5 percent.

Passenger car sales increased 4.1 percent over a year earlier to 188,621 for the seventh straight gain.

Sales of cars with engine capacity of over 2 liters totaled 45,919, up 28.9 percent, while sales of smaller cars declined 1.9 percent to 142,702, the association said.

Sales of trucks climbed 7.2 percent to 85,777, while those of buses were up 0.1 percent to 790.

Japan's top automaker, Toyota Motor Corp., sold 100,830 vehicles in the month, down 6.4 percent from a year earlier, while sales of its closest rival, Nissan Motor Co., gained 2.8 percent to 62,411.

Sales by Honda Motor Co. jumped 22.2 percent to 17,382 while Mitsubishi Motors Corp.'s sales surged 19.2 percent to 28,708.

Mazda Motor Corp. saw its sales fall 3.9 percent to 20,147, but Fuji Heavy Industries Ltd., maker of Subaru cars, boosted its sales by 16.3 percent to 7,582, the association said.

Impending Handyphone Sales War Expected

OW0102043095 Tokyo KYODO in English 0230 GMT 1 Feb 95

["News Focus" by Keiji Urakami: "Handy Phone Sales War To Heat Up This Year"]

[FBIS Transcribed Text] Tokyo, Feb. 1 KYODO--A marketing blitz involving a price war is expected to hit the Japanese "handy phone" market this summer.

The excitement centers around the personal handy phone system (PHS), a wireless communications device somewhere between a cellular phone and a cordless telephone.

Much like a cellular phone but costing far less, the cordless handy phone can be used outdoors, although within a limited range and not while traveling in a car or train.

Acknowledging the growth potential of the new communications tool in the booming Asian market, the Hong Kong Government has adopted Japan's PHS, the first foreign entity to do so.

Singapore, Malaysia and China are expected to follow Hong Kong's lead shortly, industry analysts said.

Toward the scheduled launch of PHS services in July, three major contenders are lobbying hard to entice prospective customers.

Yoshiaki Matsuo, a telecommunications industry analyst at NLI Research Institute, said, "if charges are set at originally targeted levels, the PHS's popularity will become explosive."

The Posts and Telecommunications Ministry on Tuesday [31 January] awarded PHS licenses to 21 companies, which are divided into the three major groups—Nippon Telegraph and Telephone Corp. (NTT), DDI Corp. and the Astel Group, a consortium of 10 firms led by Japan Telecom Co., and Tokyo Telecommunications Network Co. (TTNET)

To ensure fair competition between existing major telecom firms and new entrants, the ministry ordered NTT and DDI to set up subsidiaries to start PHS services.

NTT and DDI will begin PHS services in July, and the Astel Group in October, with the nation divided into 10 blocks, with up to three companies allowed to operate in each block.

A spokesman at DDI Tokyo Pocket Telephone Inc., the DDI subsidiary, said, "We will differentiate ourselves from other groups by providing services to wider areas than our rivals."

"We plan to invest about 300 billion yen over five years to meet a targeted population coverage of 50 percent set by the telecommunications ministry."

Specific efforts will focus on speedy setting up of portable relay stations in service areas and early establishment of sales networks, he said.

A spokesman at NTT Central Personal Communications Network Inc. said, "Our marketing target in the PHS business is individual customers who find handy phones a convenient means of communicating."

The spokesman said the company will set up about 30,000 relay stations by July and expand the number to 95,000 in five years to cover 70 percent of the population. One station covers an area of communication up to 400 meters in diameter. They will be placed in public facilities like traffic signals and phone booths.

Cheaper service charges are the most appealing feature of the PHS, the digital phone system the ministry started developing five years ago.

In announcing commercialization of the PHS from this summer, the ministry issued a guideline that called for curbing monthly basic charges to less than 3,000 yen and calling rates to 30 to 50 yen per three minutes.

At present, cellular phone operators charge customers 7,800 yen per month and 260 yen for a three-minute call.

Akiyoshi Hayakawa, an industry analyst at Nikko Research Center, said, "In view of the expected intensification of the price war, it will probably be difficult for any PHS operator to set charges above the target."

He said if charges are too high the expected boom, which has pushed up share prices of the companies concerned, will fizzle out.

Results of ongoing negotiations between NTT and PHS operators on access charges for NTT's monopoly network is another factor expected to influence the overall pricing framework.

Connection by PHS operators, including NTT group firms, to NTT's Integrated Services Digital Network (ISDN) is indispensable for starting PHS services in Japan.

NTT said recently that it will work out a "fair" framework of network access so that charges will be "reasonable."

Hayakawa said the business strategy of PHS operators should be on a long-term basis, unlike the cellular phone business, which generated profit in two years after start-up. He said it would take four to seven years for PHS operators to break even as cheaper charges cut into profit margins.

But PHS business, once put on a profitable track, would produce larger return because the number of subscribers should be much higher than that for expensive cellular phones.

The ministry forecasts the number of PHS subscribers will expand to six million in five years and 20 million by 2005, when the market is likely to grow to about 4 trillion yen.

Hayakawa said that eventually, handy phones will become as common as wristwatches are now.

Think Tank on Pay Increases, Economoc Recovery

OW0202103295 Tokyo KYODO in English 1002 GMT 2 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 2 KYODO—Limiting pay increases to a 2 percent seniority-based rise this spring would stunt consumer spending and restrict Japan's real economic growth to 1.6 percent in fiscal 1995, a labor think tank said Thursday [2 February].

To boost the economy, management must offer to do more than the recently floated idea of freezing wage rises and allowing only the fixed seniority increase, the JTUC Research Institute for the Advancement of Living Standards said in its annual economic forecast.

The labor market will not recover unless management agrees to more generous increases, said the institute, an affiliate of Rengo, the eight-million-strong Japanese trade union confederation.

It said a 5 percent pay rise would boost the economy through heightened domestic demand to 3.0 percent real growth in the fiscal year starting in April,

With a 2 percent rise, however, the unemployment rate would grow 0.1 percentage point to 3.0 percent from its estimate for the current fiscal year, the institute said.

It said the labor market would then stagnate at 68 jobs for every 100 seekers, compared with the 65 it estimates for this fiscal year.

With a 5 percent rise, the unemployment rate would remain at 2.9 percent, as it is a lagging economic factor, but the stimulus would push job offers to 83 per 100 seekers, the institute calculated.

Concerning the results of last month's earthquake in Kobe, the labor think tank forecast a short-term drag on the economy turning to a stimulative plus around mid-year.

If the government compiles a supplementary budget worth several trillion yen, it could reach its target for 2.8 percent growth in fiscal 1995, the institute said.

Jobless Rate Rises To Record 2.9 Percent

OW3101010395 Tokyo KYODO in English 0049 GMT 31 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 31 KYODO—Japan's unemployment rate advanced to a record 2.9 percent in 1994, up 0.4 percentage point from the previous year, the Management and Coordination Agency said Tuesday [31 January].

"The rise reflects Japan's economic slowdown," an agency official said, adding continued careful watch is needed for the short- and medium-term.

The number of jobless in 1994 was 1.92 million, up 15.7 percent or 260,000 from 1993, while the number of jobholders rose only 30,000 to 64.53 million. The rise was so small and negligible as it was termed "staying flat."

Of the total, male jobholders fell 10,000 from 1993, for the first decline since the agency began compiling the report in 1953, an agency official said.

In contrast, the number of female jobholders increased 40,000, the agency said.

In December, the unemployment rate fell to 2.8 percent from 2.9 percent in November, the second consecutive monthly drop, the agency said.

The December jobless rate, tallied on a seasonally adjusted basis, was the fourth highest level in the postwar period. The postwar record high was 3.1 percent set in May 1987, an agency official said.

"The 0.1 percentage point should be read as 'unchanged' from the previous month and Japan's employment situation is on a weak recovery," the official said.

In December, the number of unemployed totaled 1.77 million, up 1.1 percent or 20,000 from a year earlier, the agency said.

The number of jobholders dropped 0.3 percent or 220,000 from a year earlier to 64.10 million for the sixth straight monthly dip, according to the agency.

The number of male jobholders fell 10,000 from a year earlier, while that of female jobholders fell 0.8 percent or 200,000.

The jobless rate for males was down to 2.8 percent from 2.9 percent in November and the rate for females also declined a 0.1 percentage point to 2.9 percent.

In a separate report, the Labor Ministry said the closely watched ratio of job offers to job seekers, a key indicator of demand for labor, was unchanged at a seasonally adjusted 0.64 in December for the fourth straight month.

This means there were 64 job offers to every 100 people looking for jobs.

Labor Minister Manso Hamamoto told a cabinet meeting that the ratio still requires "careful" monitoring.

For all of 1994, the job opening ratio came to 0.64, down 0.12 point from 0.76 the previous year, ministry officials said.

NFP Softens Opposition to Coalition

OW0102223395 Tokyo TOKYO SHIMBUN in Japanese 31 Jan 95 Morning Edition p 2

[By Yasuyuki Oguri]

[FBIS Translated Text] Why did the New Frontier Party [NFP] on 30 January change its stand and decide to extend all-out cooperation in enacting the budget for FY 1995? It is because the NFP judged that it would be wiser to stress itself as "a party that can bear responsibilities" through supporting the budget's enactment rather than by confronting the Murayama administration for its poor handling of the great Hanshin earthquake.

If not done properly, an attack against the administration may backfire only to provoke public criticism of the NFP. It may also lead to an early dissolution of the House of Representatives to hold a general election. Being concerned by these possibilities, the NFP apparently decided to change its political stand.

Most of the NFP members, mainly former Komeito members, originally took a cautious stand on attacking the government for its poor handling of the disaster because "this could give the people the impression that we are exploiting the disaster to gain a political advantage" (said a senior NFP executive).

This is why the NFP virtually offered the government a political cease-fire on 20 January, the day the Diet was convened.

NFP Diet members who had been preparing for the interpellation found themselves in a dilemma during the Diet deliberations. They said, "It is difficult to criticize the government although its conduct was blameworthy." For this reason, their questioning tended to be only half complete.

The NFP is especially concerned over its public support ratings, which have showed no increase since its founding. Therefore, it judged that in order to gain public support, the NFP should first support the budget enactment to emphasize itself as a "new party in the era of the two-party system" which would not resort to a strategy of resistance without reason, rather than launch fruitless criticism of the government.

Some observers speculate that the NFP did not want to create another volatile political situation at this moment. As for the NFP, which has fallen behind in fielding prospective candidates in preparing for elections, an early dissolution of the House to hold a general election is certainly not good news.

Because an expected political realignment of the New Democratic League, a policy group of the Social Democratic Party of Japan, is fading, the NFP does not stand a good chance of grabbing power, even if it can launch another political realignment movement.

The NFP should not be too fussy about how to challenge the government in the Diet, but it should take some time to gain "basic strength" to restore its power. Such a view within the NFP could be another reason for this sudden change.

However, the change in the party's policy at the same time incited opposition from senior members who said, "It is too much a weak-kneed attitude."

Secretary General Ichiro Ozawa, at a news conference on 30 January, said: "We will pass the budget. But we will continue confronting the government for its poor initial handling of the disaster." He then stressed that a change does not mean "the end of the battle." But there are some people who are concerned that this decision will become a source of discontent within the NFP.

* New Frontier Party Members Weigh New Party

952B0092A Tokyo SHUKAN POSUTO in Japanese 23 Dec 94 pp 49-51

[Unattributed article: "Direct Report on Kazuo Aichi and Shinichiro Kurimoto: I Will Say This Much to Ichiro Ozawa"]

[FBIS Translated Excerpt] **Inside Story on a Greatly Shaken New Frontier Party**

After the voting, even though Toshiki Kaifu managed to be chosen as the party head, the New Frontier Party [Shinshinto] was still divided within. The danger quickly emerged that "it could very well become an alliance of factions," and there are more than a few Diet members whose thoughts are already racing toward leaving the party and forming a new party. What is common to them is a *non-Ozawa* logic, but is this really a tempest in a teacup or a portent of political change? [passage omitted]

Wanting To Link With the New Democratic League...

When I asked Kurimoto about his intention to form a new party, he furtively showed me just the title of a document. It said: "Manifesto on Formation of a Genuine Conservative Party (Draft)."

[SHUKAN POSUTO] Is that the name of the party?

"No, 'genuine' is merely an adjective. The party's name has not been decided on. It will be a party aimed at conservatives and moderates."

[SHUKAN POSUTO] What about members?

"Shinichi Koizumi (former Japan New Party), Shizuo Sato (former Liberal Party [Jiyuto]) and Torao Tokuda (independent). And Koki Ishii and Toshiaki Endo from the Kaieda Group (Democratic New Party Group). I am pushing ahead with it without Kaieda's knowledge, and those I have mentioned up to now are the ones who are certain. And I am also in contact with Keigo Ouchi (former chairman of Japan Democratic Socialist Party). Combining the members of the Upper and Lower House, I suppose it comes to 14 or 15"—.

I am bothered by the dissociation between the way of saying things in "persons with the same ideology and aim" and the expression "I suppose," but Kurimoto said something very interesting at the end. "I am also in league with Kiewa Okuda (former minister for transport) and Kazuo Aichi (former Defense Agency director-general) of the Shinseito. I am telling them to see that nothing happens such as I coming out first, alone, and later, them not coming out in the end, but..."

I can also believe that Okuda and Aichi are involved in Kurimoto's plan for a new party.

Within the former Shinseito, Okuda and Aichi have continued to hold for some time a position critical of the idea of a New Frontier Party led by Ozawa. In particular, it is fresh in memory that at the time of selecting the party head, Okuda advanced an objection to settlement of negotiations on a setup of Kaifu as party head and Ozawa as secretary general. This is considered to have been designed by Ozawa, who urged Hata to stand for selection as party head, and, in terms of result, caused an election to become a reality.

This same Okuda said the following, predicated on his pet theory that: "the New Frontier Party should strengthen ties with the Social Democratic Party of Japan's New Democratic League."

"There are some among the members of the New Democratic League who feel resistance to linking up with the New Frontier Party. It is a reaction against Ozawa's political methods. If we consider that, we must be prudent in regard to appointments in the New Frontier Party."

It appears to me to be a statement which gave consideration to such things as the possibility of cooperation in elections after the New Democratic League left the SDPJ. The purpose in advancing an objection to New Frontier Party appointments on those grounds at a stage at which the attitude of New Democratic League chairman Sadao Yamahana (previous chairman of the SDPJ) and of General Secretary Wataru Kubo, who is the center of the of the New Democratic League plan for a new party, is still more unclear.

Because of such things, it is said: "That former prime minister Noboru Takeda, who wants to eradicate Ozawa's influence from political circles, is behind Okuda is a view which is agreed upon within the party," (executive of New Frontier Party).

"A Party Formed for the Purpose of an Election"

Aichi, on the other hand, although intending to cooperate for the present with the New Frontier Party's current setup, is clearly voicing his differences of opinion with Ozawa.

"Ozawa's book, *Plan for Reconstructing Japan*, has been spoken of just as though it were the bible of the Shinseito, but that is wrong.

"First of all, his perception of the times is different from mine.

"In the book Ozawa says, concerning Japan-U.S. relations, for example, that Japan should have the same values as America.

"I think that would be true if this were a time when the international community ought to rally under the banner of freedom and democracy in the situation that the East-West cold war continued to exist.

"But now, at a time when the U.S.-Soviet confrontation has ended, and the whole world is moving toward peace and democracy, there is no need for Japan to have the same values as America; I think it has become a time for Japan and America to, conversely, mutually affirm the differences in their values.

"Ozawa uses the expression 'secession from Japan' in his book.

"I read this as meaning that we should go on arranging things in such a way as to adapt Japan's setup to the world's setup. However, when we consider what the current world is like, what constitutes the main stream is a community built by Europe and America. But the countries of America and Europe, themselves, are sensing an impasse in that present community.

"It is also recently that the expression UN-centered doctrine has taken root, and this, too, is probably something which has emerged from moves to try to change the existing nature of the international community.

"In other words, I think that the current trend is not that Japan go on adapting to the world setup which has existed up to now, but that the nations of the world go on creating new international rules by recognizing their mutual differences."

Within the New Frontier Party Aichi is forming, along with other Diet members of the former Shinseito, a Diet-member group called the "Aichi Group." The members are such persons as Toshihiro Nikai, Koichiro Aino, Iwao Matsuda, Jin Murai, Masayuki Okajima and Sadao Ioku.

"I have had many study meetings with them, and they are persons who hold the same doctrine in common. It is also possible that we will leave the party and form a new party if there should be no dissolution of the Diet and general election more than 1 year from now, and if the New Frontier Party continues in the same condition as now without seizing an opportunity for a new reorganization.

"The New Frontier Party was formed by political parties with different doctrines and histories gathering together in order to oppose the LDP-SDPJ-Sakigake coalition government and fight in a general election.

"To begin with, it was not something which came into being with there first having been such things as a spirit or general plan for forming a party.

"It was a matter of political parties which originally differed in both birth and career coming together, so one should form the party after getting to the essence of the policies, character, and general plan of the new party based upon such things as the history of the respectives parties and the strengths and weaknesses of their experience in having been in government. But the more deeply they try to reach the essence by debate, the more occasions emerge in which they say 'this place is strange, so let us postpone it till later.'

If this were a time when they were governing, they might have been able to overcome differences by making preservation of the government a unifying force. But, in any case, it is a temporary form as a political party. Things cannot be satisfactory as they stand, a party for the purpose of an election, and so on."

Aichi, too, manifested an intention to form a new party, in the same way as Kurimoto. But in contrast to the fact that Kurimoto was talking about links with Aichi and Okuda, Aichi has never mentioned the name of Kurimoto or Okuda.

Even if a *non-Ozawa* sentiment which is not *anti-Ozawa* sentiment is something common to the group which leaves the party and the reserve group of those who will leave the party, their respective opinions mix with each other, so the policies and doctrines advocated by each one is not presented at all before the public. If only the seriousness of the cracks within the New Frontier Party stand out, this political party can very well end up as an entity which only increases the public's mistrust of politics.

* Politicians Engage in 'Image War'

952B0088A Tokyo AERA in Japanese 19 Dec 94 pp 10-11

[Article by Keiko Takada: "Dealing With the Media Under the New Election System"]

[FBIS Translated Text] Television is promoting the relaxation of regulations for politics and the policies of the various parties are mutually climbing aboard. Down home politicking is important in elections in such an era, but party image also cannot be neglected. Staffs have begun to act right in the middle of the big fuss on politicians.

A party member with a swarthy round face gets upon on the podium as much as to say, "Fine, I will act as a model."

Along with the commentary by Akemi Sugawara, a color analyst lecturer, red cloths slightly different in shade are held one after the other to his chest.

"With this red, the mustache looks pure black. ...With this, the complexion is yellow. ...This is good. Next, Dear me! (shows a funny expression) ...With this, its an apron on Jizo [stone statues of bodhisattva that are dressed with bright red aprons]."

The roughly 180 participants present roll with laughter.

It is a scene from the "National Election Seminar," held on 3 December, where the secretary-generals and those concerned with election policy at the various prefectural headquarters and all the chapters of the Socialist Democratic Party of Japan (SDPJ) gathered those scheduled to be candidates in the unified local elections next spring.

The face seems dark depending on the color of the clothes or the color of the background when making a poster. Therefore, the purpose of the lecture was to learn from a pro about colors that suit each individual and selection of necktie and attire by TPO [time, place, occasion].

Sugawara is famous for handling the coordinates for Chairman Tomiichi Murayama since his appointment to prime minister. At the social gathering after the one-hour lecture, a line formed of those seeking advice. "The opposing candidate is in his twenties and powerful. I think that I look young, I've had my hair permed and wear soft suits, but." (a male legislator close to 40 years-old)

"What should I do? May I contact you later?" (an elderly legislator suddenly presents a business card)

Since she is besieged by about 50 persons seeking advice, Sugawara even says, "I wasn't able to eat any food at an hour and a half stand-up party."

In the seminar that extended over two days, besides explanation of points in the Political Fund Regulation Law, there were courses on "image coordinate strategy" and "image strategy" based on the marketing results of an advertising agency, a lecture on media strategy in U.S. presidential elections, and even screening of films.

The intention is teaching election fighting methods in the media era, making rational use of the media.

Cannot Be Fought With "LDP"

However, the actual undertaking of image strategy in the case of the SDPJ goes back about half a year from the seminar to the birth of Prime Minister Murayama. The party Public Relations Committee began making videos from around this time.

It begins with a shot of Prime Minister Murayama making his keynote address on the rostrum directly below the seat of House of Representatives Speaker Takako Doi, attendance at the Hiroshima and Nagasaki memorial peace ceremonies, and Ton-chan resting at Hakone this summer. It already amounts to 20 hours quantitatively. "It was decided that those made outside would be brought in for the political opinion broadcast videos on the single-seat electoral districts. The aim was to respond to this," says Hiroshi Imai, deputy chief of the Public Relations and Publicity Department.

That is because it is said that if video clearly picturing party ideology and policy were made at headquarters, good quality spots probably could be made comparatively simply by inserting candidate narration and images in it.

However, apart from whether it was actually used or not, it could not be done unless preparations were made beforehand to take them. So, procedures to get permission to take moving pictures in the Diet were considerably complicated, but permission was received after a month of visiting the administrative office in charge over 10 times.

It seems that the great point behind this enthusiasm was the pleasant character of both Prime Minister Murayama and House Speaker Doi. It probably is estimated that victory in the graphics media will be possible with this. In the Liberal Democratic Party (LDP), a very interesting movement is arising concerning the party name.

As a result of discussing a review of the party platform, party name, and symbol color in the party's Basic Issues Research Committee, they have decided to use as much as possible their full name of "Liberal Democratic Party," not "LDP," and solicit the public for a nickname. Prospects are that a conclusion will be reached at the party convention in January next year [1995].

According to the LDP Public Relations Committee, "'Liberal' and 'Democratic' are excellent as words indicating political philosophy. However, the election cannot be fought encumbered by the appellation of 'LDP' which does not have a very good image.

In this connection, in an independent survey conducted by the SDPJ in November, the ideological image of the LDP was low, although the evaluation was high for their policy image of achievements and good sense (assurance, power to act).

No Good If Person Himself Does Not Come

Therefore, there are people concerned with other parties, such as Deputy Chief Imai of the SDPJ Public Relations and Publicity Department, who view that "The emphasis on liberal and democracy probably will raise this low ideological image."

Moreover, when questioned about the amount of use of graphic media in LDP publicity, the reply was "In the past when we inquired whether there was a company that would make us a video for the election, we received many responses. There are some at the individual legislator level who already have begun to use them." It is said that a video of about 10 to 20 minutes which does not need much editing is possible for some hundred thousands of yen.

However, there is an Elections Policy staff member who says, "This is more difficult than expected. If there is just a video, the reality is that there are many voices of opposition asking why the person himself does not come or at least send his wife."

Secretary General Takashi Kon of the former Shinseito also thinks that image is secondary on the point of how often the candidate himself pays a visit under the new system where the electoral districts are small.

However, it cannot be ignored. It is said that voting action in urban areas, particularly Tokyo, decides 20 percent of the total. Even considering non-voting, to whom will the remaining 40 percent turn? There probably is a possibility of being swayed by the atmosphere and "Expectations of plus alpha results may be held if you have fully traveled about the electoral district."

For example, after gathering supporters and directly addressing them, the candidate leaves for the next meeting place. What if a video putting together the action style and profile of that candidate is circulated at the same time?

"At any rate, that is because time seems inadequate in a single-seat electoral district where you must pay visits."

It is said that the application is quite effective.

In an election fight which becomes a one-on-one combat of a choice between two, the victory lies in how much you reduce appearing bad. On the other hand, however, it also is pointed out that there are few camps that will try to do it full-scale because of money problems.

There is a person involved in the election policy of a party who confides, "First of all, it costs money for down-home politicking. Furthermore, even if you make an investment aimed at an image effect, will that much of an effect really be obtained? For certain reasons, it is a gamble."

150 Million Yen Is Too High

There is this story as an example of various camps hesitating because it may not offset the investment.

According to a person concerned with the New Frontier Party, they considered running full-scale television CM and newspaper advertisements for the party registration campaign, but found that it would cost 150 million yen. It was one digit off and being outrageous, they abandoned such publicity.

"Instead, Yuriko Koike and Tsutomu Hata covered it by appearing on Tamori's 'It's Good To Laugh.'"

Critics later made sport of that appearance in early November, saying "It seems that they intended to appeal to easiness to get to know." In reality, however, it was a pathetic publicity act.

North Korea

Joint Press Statement Issued on Reactor Talks

SK0202040995 Pyongyang KCNA in English 0401 GMT 2 Feb 95

["Joint Press Statement on DPRK-U.S. Talks"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA)—A joint press statement on the DPRK-U.S. talks was issued in Berlin on Wednesday.

The statement says:

Delegations of the DPRK and the U.S. met in Berlin from Jan. 28 to Feb. 1, 1995 to hold a second round of talks on the supply of light water reactor (LWR) power plants to replace the DPRK's graphite-moderated reactors and related facilities.

Both sides reaffirmed their intentions to cooperate to secure the conclusion of an agreement for the provision of an LWR project to the DPRK within the time frame and in accordance with the terms of the DPRK-U.S. agreed framework of Oct. 21, 1994.

The two sides agreed that some progress had been made and recognised that major issues which must be agreed upon for the conclusion of the supply agreement include the type of reactor, scope of LWR supply, financial terms, contractual arrangements, nuclear safety and liability, and necessary assurances in connection with the LWR project.

In addition, the two sides held technical discussions on nuclear safety issues.

Further talks on the LWR project will be held as soon as possible in March 1995.

Foreign Leaders Support North-U.S. Agreement

SK0202054795 Pyongyang KCNA in English 0418 GMT 2 Feb 95

[FBIS Transcribed Text] Pyongyang, February 1 (KCNA)—Foreign state and party leaders, when they met Korean ambassadors to their countries, hoped for a greater success in the implementation of the DPRK-U.S. agreed framework.

Equatorial Guinean President Obiang Nguema Mbasogo said that invariable is the position of the government of his country supporting the stand of the Korean Government to achieve the peaceful reunification of the country. "I hope that the entire Korean people, in a singlehearted unity, will make a big success in the implementation of the DPRK-U.S. agreed framework," he added.

Jordanian Prime Minister al-Sharif Zayd Bin-Shakir said it is a positive development that progress has been made in the DPRK-U.S. relations.

Madhav Kumar Nepal, general secretary of the C.C. [Central Committee], the Nepal Communist Party (UML), expressed congratulations to the DPRK on having adopted the framework agreement with the United States over the nuclear issue and entered the process of its implementation.

Sources: U.S. Committed 'Aerial Espionage'

SK0202051295 Pyongyang KCNA in English 0440 GMT 2 Feb 95

["Aerial Espionage on 200 Odd Occasions"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA)—The U.S. imperialist warmaniacs committed aerial espionage on the northern half of Korea on above 200 occasions in January, with the mobilization of reconnaissance planes of different types, military sources said.

The U-2 high-altitude strategic reconnaissance plane carried out on 30 odd occasions espionage on the depth of the northern half of Korea, making shuttle flights East and West in the skies above the area along the Military Demarcation Line.

Espionage by the overseas-based E-3 early warning plane totals 8 occasions.

Also frequent was electronic and photographing espionage on the northern half of Korea as a whole by the RC-135 strategic reconnaissance plane.

Those cases of aerial espionage getting more undisguised this year clearly show how amuck the U.S. imperialist warmaniacs are running in war preparations to invade the Democratic People's Republic of Korea.

IAEA Official: ROK Nuclear Dump 'Reasonable'

SK0202053595 Pyongyang KCNA in English 0458 GMT 2 Feb 95

["Despicable Treachery"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA)—The Kim Yong-sam group, availing itself of the remarks made by Donald Shere, chief of the nuclear waste management of the International Atomic Energy Agency, is trying to justify its program to build a nuclear waste dump on Kulop islet. This comes under fire in papers here today.

Donald Shere said the South Korean authorities' designation of Kulop islet as the site of a nuclear waste dump was "a reasonable decision" and "recommended" them to "promote the construction as planned."

A NODONG SINMUN analyst says:

It is an obtrusive act out of common sense that a man who is not directly interested in such an important domestic issue of a nation as the designation of the site of a nuclear waste dump and who is not a party concerned gave "instructions," saying this and that. And it must not go unnoticed that the Kim Yong-sam group is making quite a noise, as if it received "a revelation" of God in what an individual official of the IAEA said. Such an act is proper to flunkeyists and traitors.

The analyst further says:

This shows that the Kim Yong-sam's is a group of traitors who are steeped in betraying national interests for outside forces, doing nothing in the interests of the nation in its own senses.

We will never tolerate the Kim Yong-sam traitorous group's scheme to build a nuclear waste dump on Kulop islet which will result in inflicting a terrible disaster upon the whole territory and nation and driving the inter-Korean relations to the worst phase.

Some officials of the IAEA would be well advised to refrain from interfering in the domestic issues of our divided country and making rash acts.

A MINJU CHOSON analyst says the Kim Yong-sam group must clearly see our determined will and unconditionally cancel the provocative plan of nuclear waste dump construction.

Official's Remarks Denounced

SK0202045595 Pyongyang Korean Central Broadcasting Network in Korean 1222 GMT 1 Feb 95

[Commentary by Yun Pyong-son: "Tricks Designed To Justify Antinational Acts"]

[FBIS Translated Text] Donald Shere, chief of nuclear waste management at the International Atomic Energy Agency [IAEA], held a news conference in Seoul a few days ago in which he uttered the absurd remarks that he finds the designation of Kurop Island as the nuclear waste storage site by South Korean authorities, to be a reasonable decision, and recommends that they proceed as planned.

It is as obvious as seeing fire that the absurd remarks were made at the instigation of the puppets. This is proven by the fact that he did not care a bit about the criminal aspect of the selection of Kurop Island as a nuclear waste storage, or the grave consequences that may be brought to our nation.

As everyone knows, the Kim Yong-sam ring announced the selection of Kurop Island on 12 December 1994 after having been unable to select a nuclear waste disposal site for six years due to the strong resistance of the South Korean people. Considering the geographical environment and geological and meteorological conditions of Kurop Island in Tokchok-myon, Ongjin County, Kyonggi Province, or in view of previous practices or acute North-South relations, the island should never be a place for the storage of nuclear wastes. If nuclear wastes are disposed there, the radioactivity will cause the West Sea to become a dead sea and will inflict serious disaster to the numerous people who live near the sea. The northern half of the Republic, not far away from Kurop Island, will also be seriously damaged.

The puppets' selection of Kurop Island as the nuclear waste storage site is a planned and deliberate antinational criminal act to inflict nuclear calamity on the entire nation. This is why many people and groups in South Korea, including the residents of Kurop Island, are vigorously holding rallies, demonstrations, and signature drives opposing the puppet clique's criminal maneuver to build the nuclear waste disposal site.

In the northern half of the Republic, all the coastal counties in the South Hwanghae Province near Kurop Island, also held daily mass rallies to strongly denounce the criminal maneuvers of the puppet clique and demanded immediate suspension of such acts.

Nevertheless, the puppets turned down the just demand of the many people in the North and the South and challenged them by making an individual of an international agency take a stand on their behalf. In handling such an important issue as the selection of the nuclear waste storage site, the Kim Yong-sam ring had someone who has no direct interest in and is unfamiliar with the reality of our country, say the deceptive word "reasonable" and make an insidious act of "recommendation." Here lies the crafty intention to ease the heightening opposition of the people in the name of the IAEA and to justify and carry out the antinational, criminal acts as well, under the backing of an international organization.

The Kim Yong-sam ring's mean attempt to harm the nation and devastate the country's land using the words of an individual of the IAEA can never be tolerated. As this fact shows, none of the work by the Kim Yong-sam ring is done rationally nor meets the interests of the nation. In all that it does, the Kim Yong-sam ring does not care about the country or the nation but relies on foreign forces and sacrifices the nation's interests.

Recently, a ghostly wind of globalization, whose concept has yet to be defined, is blowing in South Korea. This, as well as the news conference, is nothing but mere justification for the Kim Yong-sam ring's outside-relying policy and flunkeyist treachery. We will never sit back to watch the puppets accelerate the maneuver for nuclear weapons development and carry out their antinational and provocative maneuvers to build a nuclear waste storage in Kurop island, which are intended to inflict nuclear calamity on the nation and further aggravate confrontation between the North and the South.

The Kim Yong-sam clique should look straight at our position and will, and unconditionally withdraw the criminal plan to build the nuclear waste disposal site on Kurop Island, which will inflict nuclear calamity on the nation. If the rascals proceed with the plan to build the nuclear waste storage site on Kurop Island despite our repeated warnings, they will face greater resistance from the people at home and abroad, and will be held totally responsible for all due consequences.

Certain individuals of the IAEA should correctly understand the reality of our divided country and the opinion of our people. They should refrain from interfering in internal issues, such as that of nuclear waste storage, and stop their reckless remarks and acts.

Kim Pyong-sik Proposes N-S Politicians Meeting

SK0202055495 Pyongyang KCNA in English 0423 GMT 2 Feb 95

["South Korean Democratic Party Urged To Have Contact"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 1 (KCNA)—Kim Pyong-sik, chairman of the Central Committee of the Korean Social Democratic Party, on February 1 sent a letter to Yi Ki-taek, chairman of the South Korean Democratic Party, proposing that politicians of the North and the South meet at an early date to open a new phase of national reunification this year in which falls the 50th anniversary of the liberation of the country.

"The proposal for a joint celebration of the 50th anniversary of the liberation of the country by the people of the North, the South and overseas and the convocation of a grand national conference on this occasion to discuss and confirm a way of national reunification will set the stage for a historic gathering of national unity to part with the half century of division and confrontation and inspire all the fellow countrymen with the conviction of reunification," the letter notes, and continues:

"The secret of making this year a historic year of a new start of the era of reunification and the key to reunification in the 1990s lie in realising the August 15 grand festival of reunification and the grand national conference. For this purpose, the politicians of the North and the South must meet in a short time."

Stressing that, if the political parties of the North and the South meet each other, first of all, and have an openhearted exchange of views, getting rid of the notion of confrontation of the old era, they will be able to dispel the long pent-up misunderstanding and distrust and confirm a way of national reunification common to the nation, the letter proposes to the South Korean Democratic Party to have a contact.

Proposing to have the contact in Pyongyang or Seoul or Panmunjom or a third country at an early date, the letter says:

"Since you once again expressed your will to visit the DPRK recently, we expect you will send an affirmative reply to us in response to our courteous proposal and invitation."

DFRF Proposes Joint Meeting of N-S Parties

SK0202060295 Pyongyang KCNA in English 0428 GMT 2 Feb 95

["Contact and Dialogue Between Parties of North and South Proposed"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 1 (KCNA)—The Central Committee of the Democratic Front for the Reunification of the Fatherland [DFRF], upon authorisation by the joint meeting of the political parties and organisations of the Democratic People's Republic of Korea, today sent a letter to the "Democratic Liberal Party", the New Democratic Party and the "New Korea Party" of South Korea, proposing to them to have bilateral or multilateral contact and dialogue between political parties of the North and the South.

Noting that the earlier, the better, the letter proposes Pyongyang or Seoul or Panmunjom or a third country as the venue.

Expecting an affirmative reply, the letter says:

"If the 50th anniversary of the liberation of the country is jointly celebrated by people in the North, the South and overseas and a grand national conference is convened on that occasion for discussing and confirming a way of national reunification, that will be, no doubt, a historic plaza of national unity for breaking with the half century of division and confrontation and instil a new hope of national reunification into the minds of all the fellow countrymen.

"The secret of making this year a historic year of a new start of the era of reunification and the key to the reunification in the 1990s lie in realising the August 15 grand festival of reunification and a great national conference. The politicians of the North and the South must meet at an early date to this end."

'Globalization' Called 'Totally Treacherous Plan'

SK0202103595 Pyongyang KCNA in English 1024 GMT 2 Feb 95

["'Globalization', Treacherous Slogan Against Independence"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA)—NODONG SINMUN today brands "globalization" advertized by the traitor Kim Yong-sam as a totally treacherous plan to ruin the country. - A signed article of the paper says:

The traitor Kim Yong-sam contends that "globalization" is a "strategy for existence" and "a strategy for development" to rescue South Korea. But it is a preposterous sophism and deception to conceal his new, shocking anti-national crime.

"Globalization" premises on the unrestricted inducement of outside forces into South Korea for placing the interests of the nation on the chopping board of outside forces.

A historical review indicates what South Korea has gained through opening was increased dependence and benefits to outside forces. Notably, the rice market opening by the traitor Kim Yong-sam after he took office has devastated the countryside of South Korea and the trade deficit with Japan alone last year ran into more than 10 billion dollars.

"Opening" promoted by the puppets under the slogan of "globalisation" is intended to open the way of unlimited infiltration to foreign monopoly capital and deepen the colonial dependence of South Korea and thus reduce it to a wholesale market of imperialism, a market of international capital and a multinational colony.

The treacherous nature of "globalisation" lies in leaving everything of South Korea to the tender mercy of outside forces and its criminal nature lies in making everything serve entirely outside forces.

The puppets include politics and even the social and cultural life in the scope of "globalisation".

Rendering politics of South Korea more dependent, the traitor is trying not only to eradicate the consciousness of national independence from the minds of the people, but also to completely destroy the national spirit of the Korean nation including the beautiful manners and customs handed down from ancestors.

Twanging the harp of "globalisation", the traitor Kim Yong-sam blares that he will reform everything by shifting "priority" from "development" to "service." This means to reduce the South Korean economy without a shred of independence to a subordinate economy, a colonial contract economy serving outside forces.

Worse still, the puppets scheme to sell even the chastity of women to foreign lewd animals.

"Globalization" of the traitor Kim Yong-sam is a never-to-be-condoned treacherous doctrine for harming the interests of the nation and shoving South Korea wholly into the tiger's mouth.

Kang, SRV's Vo Van Kiet Exchange Messages

SK0202103795 Pyongyang KCNA in English 1028 GMT 2 Feb 95

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA)—Premier Kang Song-san and chairman of the Council of Ministers Vo Van Kiet exchanged messages of greetings on the 45th anniversary of the establishment of diplomatic relations between the Democratic People's Republic of Korea and the Socialist Republic of Vietnam.

Kang Song-san said he was pleased with the new development of friendly and cooperative relations between the two countries and expressed the belief that these relations would continue to develop favourably by joint efforts.

He wished the Vietnamese people greater achievements in their efforts to industrialize and modernize the country under the leadership of the Communist Party of Vietnam.

Vo Van Kiet said the Vietnamese Government and people highly estimated the recognition of the Democratic Republic of Vietnam by the Democratic People's Republic of Korea at a time when they were engaged in the first resistance to defend their country and would always remember it.

Noting that the friendly and cooperative relations between Vietnam and Korea have been consolidated day by day and made a successful progress in recent years in particular, he wished the Korean people many new successes in the efforts to build a prosperous country and achieve the peaceful reunification of the country.

Foreign Minister Kim Yong-nam and Foreign Minister Nguyen Manh Cam also exchanged messages of greetings on the occasion.

Film Marks Anniversary of SRV Communist Party

SK0202060795 Pyongyang KCNA in English 0436 GMT 2 Feb 95

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA)—A film show was given here on Wednesday to mark the 65th birthday of the Communist Party of Vietnam.

Vietnamese Ambassador to Korea Duong Chinh Thuc and his embassy officials were invited to the show.

Present there were vice-chairperson of the State Education Commission Yo Won-ku, who is chairperson of the Korea-Vietnam Friendship Association, other officials concerned and working people in the city.

The participants saw a Vietnamese feature film.

Greetings Sent to International Seminar on Chuche

SK0202150895 Pyongyang KCNA in English 1504 GMT 2 Feb 95

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA)—The Central Committee of the Workers' Party of Korea and the Central People's Committee of the Democratic People's Republic of Korea today sent a message of greetings in joint name to an international seminar on the chuche idea opening in Copenhagen.

It is a most significant event that an International Seminar on the Chuche Idea for Global Independence is opening at a time when humankind is stepping onto the road of a new historical change in the struggle for independence of humankind, the message notes, and continues:

It is an urgent demand of the present era and a common task of the world people to finally destroy the old order of domination and subjugation, aggression and pillage and build an independent new world where all countries and all peoples will enjoy a free and peaceful life.

The chuche idea is the most humanitarian, popular and internationalist idea which demands that man is regarded as the master of the world and the master of his own destiny, the independence of a country and a nation be strictly defended and friendship and cooperation among peoples be strengthened.

The Workers' Party and the people of Korea, by marching vigorously under the banner of the chuche idea, could build a true socialism in which an independent and creative life of the popular masses is fully guaranteed and the whole society forms a big harmonious family and could firmly defend the sovereignty and dignity of the country and fully exercise sovereignty in the international arena.

If the people rise up for a bright future of humankind with high consciousness of their being the master of their own destiny and belief in their strength as demanded by the chuche idea, there is no doubt that an anthropocentric society and an independent new world would be created, in which the dignity and value of man are elevated and the sovereignty and equity of countries are realized.

No strength can dampen the desire of the people to live in an independent new world or stop the flow of the times along the track of independence.

Believing that the seminar will evoke positive support and the sympathy of broad segments of people all over the world and powerfully encourage them, we sincerely wish success to the seminar.

Kang Called Administration Council Premier

SK0202011595 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 1 Feb 95

[FBIS Translated Text] Comrade Kang Song-san, premier of the Administration Council, sent a message of greetings to Bulgarian Prime Minister Zhan Videnov.

The message conveyed warm congratulations to him on his election as the Bulgarian prime minister and wished him success in his responsible works. The message also expressed the belief that the cooperative relations between the two countries would favorably develop.

Kim Chong-il Lauds Officials' Communist Virtues

SK0202100595 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 30 Jan 95

[FBIS Translated Text] Comrade Kim Chong-il, the great leader [yondoja] of our party and people, highly commended Yi Song-chol and Kim Hyon-taek, staff members of the Kangwon provincial party committee, and Kang Chang-uk, secretary of Tongdaewon District party committee, who have set an example in displaying communist virtues.

Yi Song-chol and Kim Hyon-taek, staff members of the Kangwon provincial party committee, have warmly looked after orphans and childless aged women as if they were their own children and mothers. While working in Sinchong-ri, Pyongdang County, staff member Yi Song-chol came to know of two young students who had lost their parents. Thinking the children should grow up under the party's warm bosom, he took them to his home and brought them up with parental affection. Staff member Kim Hyon-taek, who learned that an old woman lived by herself in Wonsok-tong, Wonsan, after losing her husband in battle, acknowledged that looking after the family of the deceased soldier is our party's intention and the responsibility of our party functionaries. Thereupon, he took her to his home and has served her as if she were his own mother.

Kang Chang-uk, secretary of the Tongdaewon District party committee, has taken care of orphaned brothers and made functionaries in the district pay sincere attention to them. Last May, he heard about a youth who lived with his brother, a senior middle school student. After visiting the youth's house, he held a consultative meeting of functionaries concerned, including public service workers in the district, and discussed ways to help families in need so they do not feel any inconvenience. In addition, he has looked after six adolescents from two households and helped them fully develop their talents and wishes.

Upon receiving such reports, the great leader [yongdoja] Comrade Kim Chong-il highly commended that the people support the lofty features of these party functionaries.

Kim Chong-il Thanks Party Officials, Servicemen

SK0202045395 Pyongyang KCNA in English 0431 GMT 2 Feb 95

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA)—The great leader Comrade Kim Chong-il highly appreciated the deeds of Yi Song-chol and Kim Hyon-taek, officials of the Kangwon Provincial party committee, and Kang Chang-uk, secretary of the Tongdaewon District, Pyongyang, party committee, who had set an example in displaying communist traits.

They distinguished themselves in making communist traits prevail in the whole society in response to the party's intention to actively serve the people.

Comrade Kim Chong-il said that the traits of such party officials would be hailed by the people.

He also sent thanks to the commander and soldiers of the Hwang Hong-sik unit of the Korean People's Army and soldiers of the Sin Chin-sop unit of the Korean People's Security Forces who had shown the noble traits of the Revolutionary Army.

At meetings for conveying the thanks the speakers expressed their determination to remain faithful to the leadership of Comrade Kim Chong-il and discharge better their noble mission as defenders of the motherland and creators of people's happiness.

Japanese Citizen Visits Kim Il-song Statue

SK0202050395 Pyongyang KCNA in English 0434 GMT 2 Feb 95

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA)—Hiroshi Wakabayashi [name as received], vice-chairman of the International Liaison Committee for the Reunification and Peace in Korea and secretary general of the Japan Committee for Supporting the Independent and Peaceful Reunification of Korea, Tuesday visited the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang and laid a bouquet of flowers before making a bow.

He said he keenly felt again the greatness of President Kim Il-song, visiting the statue.

He said that, reading the reminiscences of President Kim Il-song again and again, he grasped its true meaning more deeply. "The reminiscences will be a guideline indicating the road of us all today and in the future and will be read by an increasing number of people who cherish the august name of the great president," he said.

He expressed the belief that the Korean people would change the grief at the loss of the great President Kim Il-song into strength and courage and uphold the leadership of his excellency dear Kim Chong-il.

Attributes of Flower Named for Kim Il-song Noted

SK0202054395 Pyongyang KCNA in English 0415 GMT 2 Feb 95

[FBIS Transcribed Text] Pyongyang, February 1 (KCNA)—Twenty years have passed since the beautiful flower kimilsungia struck its roots in Korea after crossing an ocean and a continent.

Two roots of kimilsungia, a tropical plant, which was presented to the great leader President Kim Il-song by an Indonesian botanist on January 31, 1975, were acclimatized to the climatic conditions of Korea in a few years and have been propagated throughout the country.

Kimilsungia is now blooming in many countries, going beyond the boundary of Korea.

Progressive people of many countries of the five continents including Bulgaria, Poland, Britain and Japan cultivate the plant in token of their deepest reverence and respect for President Kim Il-song.

This flower, the most beautiful and peculiar of over one thousand varieties of orchid, was named kimilsungia 30 years ago.

In April 1965, President Kim Il-song together with Sukarno, the then Indonesian president, called at the world-famous Bogor Botanical Garden.

The director of the botanical garden asked Sukarno to give an immortal name to a rare flower he had obtained through more than 200 experiments.

The Indonesian president proposed to name the flower after the great leader President Kim Il-song who was respected by the world people, and call it kimilsungia.

In the last moments of his life, the director of the botanical garden left a will asking others to complete the method of the cultivation of kimilsungia and send it to Pyongyang where there was President Kim Il-song.

Ten odd deep pink and purple flowers remain in bloom for more than 100 days in the plant of kimilsungia, which can be propagated by means of tissue culture, plant-division, bud-planting, branch planting and seed sowing.

Kimilsungia will come into fuller bloom all over the world, carrying ardent reverence of progressive humankind for President Kim Il-song. He will always be with us.

Vice Premier Chang Chol Attends Sports Event

SK0202052695 Pyongyang KCNA in English 0438 GMT 2 Feb 95

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA)—The Paektusan Prize Sports Contest opened on Wednesday.

The contest is held in February every year to celebrate the birthday (Feb. 16) of the great leader Comrade Kim Chong-il.

Participating in the current contest are excellent players from central and local teams who proved successful in the past sport games.

They will compete in scores of events including track and field, ball games and combat games.

Present at the opening ceremony were Vice-Premier Chang Chol and others.

Workers Achieve 'Great' Economic Results in 1994

SK0102215195 Pyongyang MINJU CHOSON in Korean 22 Dec 94 p 3

[By reporter Kim Yong-ho]

[FBIS Translated Text] Great results were achieved in economic construction in 1994, the first year of the adjustment period, when all the people throughout the country vigorously accelerated the socialist general onward march, firmly united around the great leader and the dear comrade leader.

In the course of the vigorous onward march to implement the party's revolutionary economic strategies, the production of agricultural products, people's consumption goods, and export items was boosted; the electric power industry and railway transportation sector were rapidly developed; and the metal industry was also continuously developed.

Workers in all sectors of the national economy have stoutly carried out the struggle to effect a new upsurge in production and construction, turning the greatest sorrow of losing the great father of the nation into multitudinous strength and courage. As a result, the Anju District mining complex, the Chilli mine, the Taechon hydroelectric power complex, the Sinuiju footware plant, the Hwangju disabled veterans plastic necessities plant, and many other plants and enterprises fulfilled this year's plans ahead of schedule.

The worthwhile struggle for the first year of the adjustment period enabled us to further strengthen the country's self-reliant economic basis, to further improve the people's livelihood, and to achieve brilliant victory in the struggle to occupy a higher peak of socialism.

All this is a valuable result of all the people's struggle to accelerate the general onward march, with firm faith in socialism and with the revolutionary spirit of self-reliance and fortitude, upholding the banner of the single-hearted unity.

The great leader Comrade Kim Il-song taught:

"'Let us vigorously accelerate the general onward march of socialism with the revolutionary spirit of self-reliance and fortitude.' This is a call by our party today and a militant slogan that our people should uphold."

The revolutionary spirit of self-reliance and fortitude was greatly demonstrated in the struggle waged by our people this year while upholding the great leader's New Year's address and the party's intent.

Let us advance with the same vigor and spirit as demonstrated in rehabilitating the economy and effecting the great Chollima upswing with practically nothing in the empty land after the war.

The working class at the Chollima steel complex called for the above slogan at a rally under a poplar tree at the center of Kangson, a witness of history, to implement the great leader's New Year's address, and they are not the only people who voiced the slogan.

Steel producers in Kimchol, miners in Komdok, fertilizer producers in Hungnam and Namhung, miners at the Anju mine and at the Sunchon District, electric power producers in Pukchang and Pyongyang, spinning workers in Sinuiju and Sariwon, and engine drivers at the Chongju and Sohung locomotive units....

With the faith that self-reliance is the only way to survival and to the socialist victory, workers in all sectors of the national economy accelerated the onward march, upholding the revolutionary banner of self-reliance and fortitude that had been upheld on the sacred Mt. Paektu. Functionaries and working people in various sectors of the national economy vigorously carried out the work of increasing production, saving materials, and mobilizing reserve resources, with the determination to create nonexistent things and to make insufficient things sufficient.

Economic guiding functionaries, including functionaries in committees and ministries under the Administration Council, give priority to the political work in a bid to encourage all plants and enterprises to actively participate in mobilizing reserve resources, with the attitude of being masters of the national economy, while planning and coordinating economic organizational work and carrying out a movement for technological innovation on a mass scale.

This made it possible to practically manage facilities, technologies, and materials in all units and all battlefields of socialist economic construction, and to mobilize a large quantity of facilities and reserve materials and effectively use them in production and construction.

The 28 August plant established a reprocessing line of used parts and accessories and reproduced hundreds of tonnes of steel, instead of being supplied by the state, which was used in manufacturing tram cars and loading machines required by mines. The 10 May general plant modified heating furnaces and overfulfilled monthly and quarterly plans while saving some 3,000 tonnes of coal a year. In addition, enormous reserve materials were discovered through technological improvement of manufacturing processes.

Reserve materials discovered in the first half of 1994 are 935 machine tools, 545 rolling facilities, 3,639 motors, 645 transformers, some 1,700 pumps, some 2,600 tonnes of rolled steel, some 18,000 tonnes of anthracite coal, some 1,000 cubic meters of wooden materials, and some 66,000 bearings.

The mobilized reserve materials were effectively used to accelerate production and construction in various sectors of the national economy, such as agriculture, light industry, production of export items, coal industry, electric power industry, railway transportation, and metal industry. They served as an important material guarantee for the successful implementation of the tasks for the first year of the adjustment period.

The raging flames of self-reliance in all sectors of the national economy are a beacon fire of innovation ignited by the great leader and the dear comrade leader.

The great leader presented the idea that we should complete our revolution by ourselves with thorough responsibility and enabled us to solve all problems by ourselves with the popular masses' strength and wisdom in every stage of the developing revolution. In the New Year's address, he stressed the need to continue innovating and advancing in the vigor of Chollima plus the speed of the nineties, with the revolutionary spirit of self-reliance and fortitude. Until the last moment of his life, the great leader made devoted efforts to effect a new upsurge in socialist economic construction, upholding the banner of self-reliance, and to further strengthen and develop the country so as to give the people greater happiness.

The dear comrade leader, who is brilliantly embodying the great leader's sublime intent, is wisely leading the people to invariably uphold the slogan of self-reliance, with the will that for communists, self-reliance is the only way to the victory of socialism.

The great leader and dear comrade leader's teaching that the revolutionary spirit of self-reliance and fortitude is a guarantee for the successful implementation of the revolutionary economic strategies has vigorously encouraged and driven functionaries and working people to bravely overcome obstacles and difficulties with their own strength, having the firm determination to overcome all difficulties without the support from the state.

In particular, the dear comrade leader made the people vigorously carry out the Chong Chun-sil Movement based on the revolutionary spirit of self-reliance and fortitude, so that the revolutionary spirit of responsibly fulfilling assigned tasks can be displayed in all sectors, units, and districts. He also popularized all over the country the results achieved by units that set examples in displaying the spirit of self-reliance—such as Chonchon County's commercial management office, the 10 May general plant in Maengsan County, Kwangchon Food Plant, and Kwangchon Disabled Veterans Plastic Necessities Plant—as well as their experience.

Thanks to the dear comrade leader's leadership, we can do whatever we decide to do with our own strength. This is an iron-firm faith that has been hardened in our people and working people's minds through this year's battle.

Kaechon District mining complex prepared a bearing production base and developed an iron prop recovery machine so that it can support itself with bearings required in fixing props and coal trucks. Kwangchon food plant firmly prepared a material base and supports itself with materials. The plant also supports itself with electric power by effectively using water resources. Workers and technicians at the 10 May general plant developed a method to heat as much as one tonne of iron with low-calorie coal, thus saving thousands of tonnes of coal a year. Maengsan County, which had no cement material, has discovered cement materials and supports itself with cement required for local construction. All these are proud results of the iron-firm faith.

The slogan of self-reliance is indeed a militant banner that vigorously encouraged and drove our people to proceed with the solemn advance, and is the source of vigor that made it possible to achieve great results in this year's battle of economic construction.

Through this year's battle, functionaries and working people in all sectors of the national economy came to be deeply aware that self-reliance is the only way to endless advancement and innovation. They will continue to vigorously advance with the Korean spirit, the spirit of self-reliance, and with single-hearted unity around the party and the leader, no matter how severe the difficulties and obstacles.

Changes in Border City of Sinuiju Chronicled

SK0202102895 Pyongyang KCNA in English 1017 GMT 2 Feb 95

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA)—Housing construction is under way on a massive scale in the city of Sinuiju these days.

Sinuiju is the seat of North Pyongan Province which is situated in the lower reaches of River Amnok in the northwestern part of Korea. On the opposite bank there is Dandong, Liaoning Province, China.

The great leader President Kim Il-song visited the city in 1945 shortly after the liberation of the country and gave on-site guidance to it on several occasions later to show a clear road ahead of it.

Under his wise leadership, the city has been turned into a powerful base of the light industry, which holds a big share in the nation's production of consumer goods, and been built into a beautiful border city.

Before the country's liberation from the colonial rule of the Japanese imperialists on August 15, 1945, the city had backward small-scale textile mills and pulp and paper-making factories.

Today the city has several dozen light industrial factories of different sections including modernly-equipped textile mill, shoe-making factory, cosmetics factory and enamelware factory.

The Sinuiju Chemical Fibre Mills is one of the gigantic chemical fibre producers of the country based on domestic resources and technology. It turns out staple fibre out of reed, which are grown abundantly in "Pidansom" (silk islet) on the Amnok River, for textile mills across the country.

The Nagwon Machine Complex manufactures large oxygen plants which are produced in a few countries of the world. The large excavators, which can be seen in any construction site of the country, and the water pumps greatly conducive to the irrigation of agriculture are major products of this factory.

The city's gross industrial output value is 86 times that in 1946, the year after the liberation.

The border city has made a leaping progress in education and culture, too.

In the city, which had no college before the liberation, there are 10 odd universities including Sinuiju University of Light Industry, Cha Kwang-Su, Kwanso, Kwangje and Manpung Universities.

It has the Sinuiju Stadium, the Undok Health Complex, the Sinuiju History Museum and other modern edifices.

There are in the city special and industrial hospitals and polyclinics for the promotion of the working people's health.

New streets lined with many-storied houses are appearing one after another in places once overgrown with weeds.

In recent years neat calcium-silicate brick houses of 7-15 stories for more than 4,000 families have been built in Namsinuiju, renewing the looks of the city.

The solid Embankment of Eternal Value built on the shore of the Amnok River prevents flood damages.

Attractions of 'Celebrated' Mount Myohyang Noted

SK0202044395 Pyongyang KCNA in English 0409 GMT 2 Feb 95

[FBIS Transcribed Text] Pyongyang, February 1 (KCNA)—Mt. Myohyang is one of the five celebrated mountains of Korea.

A drive of two hours North from Pyongyang brings you to the mountain.

Covering 375 square kilometers with Piro Peak 1,909 metres above the sea level as its highest peak, the mountain has been famous from ancient times for its mysterious and beautiful landscape.

The visitors are fascinated by its peculiar natural beauty in all seasons such as high and low peaks, rocks and cliffs of fantastic shapes, many waterfalls in deep valleys and twitters of birds.

Sangwon and Manpok Valleys and Habiro Cliff represent the height of scenic beauty in the mountain. In Sangwon Valley with its superb view and Manpok Valley with mysterious rocks and cliffs, the visitors enjoy crystal-clear water flowing over gemlike stones and forming waterfalls of rainbow color and ponds.

Presenting magnificent views are the several dozen metres high Sanju and Yongyon falls which one can see from Inhodae Cliff in Sangwon Valley and Chonsin Falls which look like a flow of silk.

No less fascinating is the scenery of Habiro Cliff which reminds one of a picture of clear streams and waterfalls of the valley in harmony with thick forest and flowers.

Mt. Myohyang is blessed with abundant animal and plant resources. Found there are more than 700 species of plants, scores of kinds of animals including musk deer and antelope and more than 130 kinds of birds including broad-billed roller, black-naped orile, great tit and goldfinch.

In his lifetime, the great leader President Kim Il-song visited the mountain many a time and gave instructions to turn it into a holiday resort for the people.

When a high-grade gold vein with large deposit was discovered in the mountain and the country was in a hard time, he told officials that the mountain could not be bartered for several tons of gold.

The great leader Comrade Kim Chong-il, true to his noble intention, has turned the mountain into a holiday resort convenient for mountaineering and useful in education.

In Mt. Myohyang, there is the international friendship exhibition, a treasure house of humankind and a grand monumental edifice of the Workers' Party era which is the culmination of architecture. It was opened in August 1978.

On show there are more than 105,000 pieces of gifts sent to President Kim Il-song and Comrade Kim Chong-il by foreign people.

Mt. Myohyang has a historical museum and places of historic interest showing the 5,000-year-long history and brilliant culture of Korea.

Included in more than 5,000 historical spots and remains are relics about a legend of King Tangun, the ancestral father of the Korean nation, the nearly 1,000-year-old Pohyon Temple and 1,159 volumes of the complete collection of Buddhist scriptures consisting of 80,000 wooden blocks which show the art of woodblock printing in the Koryo Dynasty (918-1392).

The mountain also boasts itself of many legends which have been conveyed from ancient times.

Paper: Chuche Idea 'Lifeblood of Our Nation'

SK0202102095 Pyongyang KCNA in English 1009 GMT 2 Feb 95

["Chuche Idea, Lifeblood of Korean Nation"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA)—The 20th century is replete with annals of a historical turn, in which the Korean nation, once a small and weak nation of a colony maltreated and oppressed by the imperialists and a backward nation for ages, has become a most powerful and dignified nation advancing with its destiny in its own hands and a most advanced and civilized nation building the future of humankind in the van of the times. This is entirely a precious fruition of the chuche idea founded by the great leader Comrade Kim Il-song, declares NODONG SINMUN in an article today.

The paper says the chuche idea is a revolutionary idea which saved the Korean nation and has raised its position to the highest plane, and a great guiding idea which has brought a heyday of national prosperity.

The great leader Comrade Kim Chong-il is quoted as saying:

"The chuche idea is the only guiding idea of our revolution and the lifeblood of our nation."

The paper continues:

As the great leader Comrade Kim Il-song founded the immortal chuche idea in his youth, the Korean nation could become a most proud and dignified nation which successfully shapes its destiny with the great guiding idea.

Guided by the chuche idea, the Korean people have given full play to the spirit of national independence, unaffected by such deeply-rooted outdated ideas as flunkeyism and dogmatism, and successfully promoted the revolution and construction with their own efforts according to their own faith.

That the chuche idea is the lifeblood of our nation means that this idea serves as a guiding compass for the generations to come, a revolutionary pabulum for our nation and an instrument to build an independent and creative life, the happiest in the world.

The chuche idea is not only the lifeblood of our nation but also the universal guiding idea which reflects the demands of our time most correctly. Socialism would not have been frustrated in some countries if they had firmly established chuche in the revolution and construction and fully prepared the popular masses to be a powerful driving force without worship of big powers. The chuche idea is the source of the greatness and invincibility of our nation and an immortal banner of struggle, banner of victory for the popular masses in shaping their destiny.

Were it not for the chuche idea, our nation would not have been freed from the lot of colonial slaves of the imperialists nor would it have built a powerful socialist state and held fast to the banner of socialism.

Thanks to the energetic activities and guidance of Comrade Kim Chong-il, the inexhaustible strength and vitality of the chuche idea are fully demonstrated today in the efforts to shape the destiny of our nation.

Today the chuche idea founded by Comrade Kim Il-song is shedding brighter rays as the eternal lifeline and invincible militant banner of our nation because Comrade Kim Chong-il, a great thinker and genius of revolution, stands in the van of our motherland and nation.

Comrade Kim Chong-il guides our people to firmly defend the sovereignty of the nation under any circumstance and exalt it generation after generation and confidently leads our nation along the road to socialism, the true road to prosperity and development. This characterizes his leadership in brilliantly shaping the destiny of our nation under the banner of the chuche idea.

Our country and our nation have become a dignified independent country and a proud nation that fully demonstrate their sovereignty in the international arena, not yielding to pressure and offensive from anyone. This is a result of the tested leadership of Comrade Kim Chong-il, who resolutely safeguards the independence of the nation.

Comrade Kim Chong-il's leadership in shaping the destiny of the nation under the banner of the chuche idea is also characterized by the fact that he wisely guides the nation to achieve genuine unity and reunification.

All his activities for great national unity are based on the principles that no individual and social class can exist without the nation, that the temporary differences in social system, ideology, ideal and political view can never be an obstacle to the common cause of the nation and that reunification means patriotism and division means treachery.

South Korea

North's Meeting of Parties Proposal Rejected

SK0202021795 Seoul YONHAP in English 0156 GMT 2 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 2 (YONHAP)—South Korea has rejected North Korea's offer Wednesday to hold an inter-Korean meeting of political parties to discuss the latter's earlier proposal for a joint North-South celebration of the 50th anniversary of national liberation from Japanese rule and a grand national meeting of all the Korean people around the world.

A ranking National Unification Board official said Thursday that latest North Korean proposal is just a follow-up to "their former propaganda tactics," as it is "nothing but a proposal for proposal's sake."

The government's basic position is that South-North government- level talks should first take place for a meaningful and substantial inter-Korean dialogue, he stressed.

"We have made this position clear when we offered late last month to hold a South-North vice minister-level meeting, but they still insist on meetings of political parties and social organizations, not government-level meetings, and we cannot help regarding this as their having no intention of holding a truly meaningful dialogue with us," he remarked.

On Jan. 24, North Korea offered to hold a meeting with South Korea's political parties, social organizations and prominent figures.

And on Wednesday, Chairman Kim Pyong-sik of the (North) Korean Social Democratic Party sent a letter to Chairman Yi Ki-taek of South Korea's opposition Democratic Party and the Democratic Front for the Reunification of Fatherland letters to South Korea's other political parties, including the ruling Democratic Liberal Party, both proposing to hold an inter-Korean meeting of political parties in Pyongyang, Seoul or a third country as soon as possible to discuss celebrating the 50th anniversary of liberation and holding a grand national meeting of all ethnic Koreans around the world.

The opposition Democratic Party has also turned down the North Korean proposal, saying there is no change in the party's position that the government should be the sole channel of inter-Korean dialogue.

In a statement issued Thursday, party Spokesman Pak Chi-won said, however, that the government should fully study the North Korean proposal in view of the need for inter-Korean dialogue, instead of "rejecting it unconditionally."

PRC Source: Beijing To Reduce Aid to DPRK

SK0202052295 Seoul CHUNGANG ILBO in Korean 2 Feb 95 p 3

[By correspondent Mun Il-hyon from Beijing]

[FBIS Translated Text] It was learned that North Korea secretly sent Kim Pok-sin (female), vice premier in charge of the economy, to the PRC in late January 1995 to negotiate the volume of the PRC's economic aid to North Korea, only to be told that the PRC will drastically reduce grain, petroleum, and coal aid to North Korea. According to a high-ranking PRC source, "North Korean Deputy Premier Kim secretly visited Beijing on 26 January for a three-day stay. She discussed the PRC's aid to North Korea but the two sides failed to reach any agreement."

It was not revealed how much aid the PRC was going to cut, but considering the annual decline of 10 to 15 percent of the past three years, it seems that this year's reduction will be as much as 20 or 30 percent.

North Official on Kim Chong-il Succession Delay

SK0202110295 Seoul YONHAP in English 1048 GMT 2 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 2 (YONHAP)—A senior North Korean official reportedly said in Manila Thursday that Kim Chong-il's rise to state presidency is being delayed because "people are still mourning over the death of President Kim Il-song."

Pyongyang Ambassador to Thailand Yi To-sop, now in Manila to have North Korea-Philippines normalization talks, made it clear that North Korea is still in a mourning period.

"In general, we in the North observe a mourning period of 100 days or one year," Yi said in an interview with the KYODO News Service of Japan.

He didn't say, however, when the mourning period for Kim Il-song would end.

Yi also said South-North dialogue has failed to resume because South Korea alerted its armed forces and did not recognize condolences at the time of Kim Il-song's death last July. South Korea should apologize for this before any dialogue could be resumed, he said.

On his country's possible participation in the ASEAN (Association of Southeast Asian Nations) regional forum, the North Korean diplomat said Pyongyang is highly interested in the region's security and had expressed its willingness to take part in the forum.

Forum member countries have showed a positive response to "our participation," Yi said.

Official on DPRK Demands Regarding NNSC

SK0202132595 Seoul KBS-1 Radio Network in Korean 1300 GMT 2 Feb 95

[FBIS Translated Text] The government has said that the North Korean demand for Poland's withdrawal from the Neutral Nations Supervisory Commission [NNSC] is a violation of the Armistice Agreement, and stressed that the relevant countries are closely cooperating with each other to block this demand.

A relevant Foreign Ministry official revealed that in spite of such demands by North Korea, the Polish Government intends to remain in the NNSC, and that other NNSC member nations—including Poland, Switzerland, and Sweden, not to mention the ROK and the United States—are jointly seeking countermeasures to cope with North Korea's unjust demand.

North Korea forced the Czech Republic to withdraw from the NNSC last year as part of its scheme to paralyze the Armistice Agreement system. Following this, North Korea recently demanded that Poland withdraw from the NNSC by the end of this month.

ROK Envoy on 'Feasible' Projects With DPRK

SK0202050995 Seoul CHUNGANG ILBO in Korean 2 Feb 95 p 1

[YONHAP report from the United Nations]

[FBIS Translated Text] On 1 February, ROK Ambassador to the United Nations Pak Su-kil notified the United Nations of 11 projects between South and North Korea which our government has determined as being immediately feasible, including the relinking of railway lines between South and North Korea and research on ecological conditions in the DMZ area.

Ambassador Pak relayed this to United Nations Secretary General Butros-Butros Ghali when he met with the secretary general to present his credentials. During this meeting, Ambassador Pak revealed the 11 projects which the ROK Government had selected from the list of 20 projects which the UNDP [United Nations Development Plan] had recommended in May 1994 to both South and North Korea as having potential.

Judge's Book on Unprotected Investments in North

SK0202080795 Seoul SEOUL SINMUN in Korean 2 Feb 95 p 21

[Article by reporter No Chu-sok]

[FBIS Translated Text] In recent days, ROK enterprises have been making haste in a competitive manner to advance into North Korea. In this regard, it has been disclosed that if ROK enterprises that have made considerable investments in North Korea should become involved in a property-related dispute with North Korea, North Korea has no legal or systematic devices under which ROK enterprises could recover or receive protection for their property.

This sounded an alarm with ROK enterprises in relation to their unprepared, reckless attempt to advance into North Korea.

Some point out: It is highly likely ROK enterprises will not recover their invested money if they "recklessly advance" into North Korea without the ROK Government's backing on a relevant legal basis or without a sure-fire systematic guarantees against North Korean gestures toward ROK enterprises to realize the North's own economic reforms and opening up.

Such was raised for the first time in a book entitled "An Explanation About the Revised Civil Proceedings Code of North Korea" published by Judge Kim Sang-kyun of the Court Administration Office [CAO], who is a legal expert on North Korea.

This book has been published by CAO's Judiciary Policy Research Department as an effort to study North Korea's judicial system in preparations for national unification. According to this book, if there should arise a conflict in the process of transactions between ROK enterprises and North Korea's government agencies, enterprises, organizations, or residents, there will be no way for ROK enterprises to receive relevant succor for their civil proceeding, code-related rights through lawsuits.

North Korea, which is presently faced with an economic catastrophe, revised the DPRK's socialist constitution in April 1992 when it adopted the trade-first policy advocating economic opening up. Along with this, North Korea made haste in enacting relevant laws of various kinds from 1984 to 1994, including the "Joint Venture Law," "Law on Foreigners' Investments," "Law on Foreign Enterprises," "Law on the Free Economic and Trade Zones," and "Law on Land Lease," with a view to actively luring foreign investors and enterprises.

In the meantime, revising its Civil Proceedings Code on 25 May 1994, North Korea stipulated that "the revised law shall also apply to foreign enterprises and foreigners that stay within the boundary of the republic," thus broadly recognizing the status of foreigners and foreign enterprises as the subjects of the civil proceedings. This clause is interpreted as meaning that the laws of a country involved in a lawsuit can be applied in the process of legal trials. In accordance with this clause, U.S. companies—including Coca Cola, which has made public its intention officially to advance into North Korea—can be protected by U.S. laws in the event of a dispute.

However, the problem exists in that North Korea views South-North relations only as "special relations" that have been tentatively created in the process of achieving reunification, not as relations between "foreign countries" or "states." Therefore, unlike third countries such as the United States, ROK enterprises cannot see their civil proceedings code-related rights protected.

Accordingly, before expanding the exchange with North Korea, it is urgently necessary to reach a clear-cut legal agreement with North Korea on the methods of dealing with relevant disputes caused by bilateral transactions. In particular, experts are of the unanimous opinion that it is necessary to enact relevant fundamental regulations and practical private statutes that will apply to bilateral transactions.

Judge Kim Sang-kyun presented a detailed method, saying: "It is necessary to work out practical ways to solve civil proceedings- related disputes between those in the South and North by forming an organization such as a South-North working-level legal consultative council."

He added: "Some may advocate the solution of disputes in accordance with private international laws, while viewing our relationship with North Korea as a relationship under the influence of quasi-private international laws. However, such an attempt would merely turn out to be futile without the North's voluntary cooperation, including the application of relevant fundamental regulations and the execution of sentences on the part of North Korea."

'Source': DPRK Considers Opening Nampo Harbor

SK0202111195 Seoul YONHAP in English 1051 GMT 2 Feb 95

[FBIS Transcribed Text] Beijing, Feb. 2 (YONHAP)—North Korea is carefully studying the possibility of opening the Nampo Harbor by designating it as another free trade port after the Najin- Sonbong area and Chongjin Harbor, it was learned here Thursday [2 February].

An intelligence source who has recently been to Pyongyang said that during its visit to Pyongyang in last mid-December, a Daewoo Group investment study team asked for the opening of the Nampo Harbor and Pyongyang has since been studying it in an affirmative manner.

However, disputes are waging in the North Korean leadership over the issue because if the Nampo Harbor which is barely 30 kilometers away from Pyongyang is opened, it may constitute a serious threat to the upkeep of the system, the source said.

During the Daewoo mission's visit, the two sides arrived at the tentative agreement that Daewoo would expand and operate the harbor.

In return, Daewoo asked Pyongyang to designate the harbor as a free trade port and open it up, the source said.

Seoul Said Not Opposed to North-Philippines Ties

SK0202072195 Seoul YONHAP in English 0535 GMT 2 Feb 95

[FBIS Transcribed Text] Seoul, Feb.2 (YONHAP)—South Korea will not oppose the Philippines normalizing relations with North Korea as long as the latter faithfully implements its nuclear accord with the United States, a governmment official here said Thursday.

He was confirming the report that North Korean Ambassador to Thailand Yi To-sop has been negotiating with Philippine officials on establishing relations with the Philippines since Monday when he visited the Philippines.

The two countries have agreed on the normalization of relations in 1991 but the implementation of the agreement has been delayed mainly because of the stalemate surrounding the North's suspected nuclear ambition.

"Now that the Geneva agreement (on the North's nuclear program) has been produced, there would be no major hurdle to the establishment of relations between the two countries if North Korea implements the agreement," said the official.

"The Philippine Government will have full consultations with South Korea when it normalizes ties with the North as it promised to do so when President Kim Yong-sam visited Manila last year," said the official.

Philippine President Fidel Ramos had expressed Wednesday that his government would consult with South Korea and other nations when proceeding with a plan to normalize relations with North Korea.

Ambassador Urges North To Promote N-S Exchange

SK0202100895 Seoul YONHAP in English 0917 GMT 2 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 2 (YONHAP)—Newly appointed ambassador to Germany Hong Sun-yong said Thursday [2 February] that South and North Korea will have to actively promote bilateral exchanges to learn a lesson from the reunification of Germany.

Meeting reporters before flying to Germany to do his new stint, the former vice foreign minister hoped that the country closely study the experiences and sufferings of Germans on their way to the reunification, the only peaceful one achieved by divided countries in the world since the end of World War II.

He, however, said that it will not be proper to try to apply the German experience to the Korean peninsula because the situations in North Korea at the moment are different from those in East Germany.

He said that he would, while serving as ambassador to Germany, focus on enhancing relations with Germany, the country's fourth largest trading partner which also has major cultural relations with Seoul.

He added that he would do his utmost to keep the German Government to take side with South Korea in Seoul's bid to join the United Nations Security Council [UNSC] and solve the North Korean nuclear issue.

Hong urged North Korea to learn from Germany by abolishing the illusion that it could alienate South Korea and establish relations with Western countries.

On the question of a variety of treaties signed between East Germany and North Korea, Hong said that the unified Germany has been succeeding or abolishing them selectively while Pyongyang currently maintains an interest section within the Chinese Embassy in Germany.

Hong, meanwhile, said that it will be desirable for Germany to join the UNSC as a member with no veto power.

'Stern' Government Strategies Urged Toward North

SK0202090395 Seoul CHOSON ILBO in Korean 2 Feb 94 p 3

[Editorial: "Crisis of 'the ROK, the United States, and North Korea' at Crucial Point"]

[FBIS Translated Text] Since the beginning of the New Year, "the political air on the Korean peninsula" has become subtly entangled. This is indeed a situation we should keenly watch and cope with. First, with regard to North Korea's strategy, the key point is that although Pyongyang virtually accepts "the ROK's money" needed for the light-water reactors, it pursues a line of "collaboration with the United States and against the ROK" while stating that North Korea will never receive any light-water reactors on which the label "ROK-style" is attached.

The United States still adheres to light-water reactors with the label "ROK-style." However, there is no guarantee the United States will adhere to this to the end. This is why the United States has recently and more frequently reiterated that "the improvement of U.S.-North Korean relations cannot be expected without a resumption of North-South dialogue."

In case the United States does abandon its demand for specifying "ROK-style" on the light-water reactors, the United States will probably attempt to wrest the concession of "a resumption of North- South dialogue" in an effort to soothe the ROK, offering Seoul "a chicken instead of a pheasant."

Under such circumstances, North Korea is attempting to gain great profits by opening a "stage" called the "Pyongyang Festival of Sports and Culture" in April this year. Such an attempt is aimed at propagating the "stability" of North Korea's system; at gradually

The ROK Government should also work out a new North Korea policy with an eye to inducing North Korea to observe and implement the North-South basic accord and the North-South joint declaration on a nuclear-free Korean peninsula—the documents that have virtually been reduced to waste paper.

Critics have often pointed out that during these 16 months since North Korea withdrew from the Nuclear Non-Proliferation Treaty (NPT), the ROK Government's North Korea policy has been in disarray.

The foremost reason for the lack of consistency in the ROK Government's North Korea policy lay in the ROK Government's problematic approach to the nuclear issue. Therefore, the ROK Government needs to reconsider its stance in several respects.

First, in formulating its North Korea policy, the ROK Government should from now on get rid of the hard-line conservative approach and actively pursue a pragmatic policy. With a view to bolstering the stability of the Kim Chong-il regime, the ROK Government should help North Korea push ahead with openness and reform and induce it to move toward accepting the unification formula of the commonwealth of the Korean people. Only when North Korea, as well as South Korea, adopts a pragmatic line is it possible to resolve problems of the Korean people as a whole.

Second, in the pursuit of its North Korea policy, the ROK Government needs to adopt a "constructive policy of tolerance." North and South Korea should immediately halt the slandering against each other. The two leaders, Kim Yong-sam and Kim Chong-il, should meet as soon as possible so that outstanding problems between the North and South may be solved in the interest of the Korean people.

Third, in line with the declaration that North Korea is not an enemy but a partner and a member of the commonwealth of the Korean people, the ROK Government should pursue a North Korea policy from this standpoint. It should exert efforts to resume the stalemated North-South dialogue and follow it up by bringing into operation the four North-South joint committees which were set up to implement the North-South basic agreement, so that they may successfully carry out their specific tasks in their respective fields. It should also see to it that the joint declaration on a nuclear-free Korean peninsula is implemented by activating the North-South joint committee for the control of nuclear potential.

Fourth, in view of the fact that North-South dialogues were suspended each time ROK and U.S. forces jointly carried out 'Team Spirit' exercises, it is necessary for South Korea to refrain from any military action that North Korea might take as a provocation.

Fifth, the ROK Government should do away with its current North Korea policy which flip-flops between hard and moderate lines as the direction of the national sentiment, dominated by the hard-line conservatives, changes from time to time. The Kim Yong-sam administration should demonstrate its leadership ability to lead the nation to promote national interests.

When the ROK Government pursues the abovementioned five-point policy based on pragmatism with consistency, it will lay the foundation for the resumption of North-South dialogues and the attainment of national unification.

North, U.S Issue Statement Following Talks

SK0202024995 Seoul YONHAP in English 0245 GMT 2 Feb 95

[FBIS Transcribed Text] Berlin, Feb. 1 (YONHAP)—North Korean and U.S. nuclear experts ended their five-day meeting here Wednesday, reaffirming the need to continue bilateral cooperation for the conclusion of a contract for the provision of light-water reactors to North Korea.

In a joint statement issued after the meeting, the two sides said there was "some progress" in their talks, suggesting that they were almost agreeing on some practical-level aspects of the contract.

The meeting focused on the type of reactor and the technical details of the contract expected to be made between the North Korean Government and the Korea Energy Development Organization (KEDO), the international consortium tasked with supplying reactors to the North in return for freezing its nuclear development program.

The two sides, however, said they had agreed to continue their discussion on major agenda items, including selection of the type of the reactor, apparently admitting that they could not narrow their differences on the key issue of adopting South Korean-style light-water reactor model.

South Korea, Japan and the United States have already agreed to specify "South Korean-style light-water reactor model" as the model to be supplied to North Korea in the contract.

The joint statement also said that the experts will further discuss at next meetings such problems as financing, safety and liability for reparation of the reactor, and North Korea's obligations related to the light-water reactor supply.

In spite of the limited progress, they were able to reaffirm each other's willingness to cooperate for the conclusion of the reactor supply contract.

The two sides said they will hold the next experts' meeting some time in March but did not mention the venue.

Seoul Said Not Opposed to North-Philippines Ties

SK0202072195 Seoul YONHAP in English 0535 GMT 2 Feb 95

[FBIS Transcribed Text] Seoul, Feb.2 (YONHAP)—South Korea will not oppose the Philippines normalizing relations with North Korea as long as the latter faithfully implements its nuclear accord with the United States, a governmment official here said Thursday.

He was confirming the report that North Korean Ambassador to Thailand Yi To-sop has been negotiating with Philippine officials on establishing relations with the Philippines since Monday when he visited the Philippines.

The two countries have agreed on the normalization of relations in 1991 but the implementation of the agreement has been delayed mainly because of the stalemate surrounding the North's suspected nuclear ambition.

"Now that the Geneva agreement (on the North's nuclear program) has been produced, there would be no major hurdle to the establishment of relations between the two countries if North Korea implements the agreement," said the official.

"The Philippine Government will have full consultations with South Korea when it normalizes ties with the North as it promised to do so when President Kim Yong-sam visited Manila last year," said the official.

Philippine President Fidel Ramos had expressed Wednesday that his government would consult with South Korea and other nations when proceeding with a plan to normalize relations with North Korea.

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He, however, said that it will not be proper to try to apply the German experience to the Korean peninsula because the situations in North Korea at the moment are different from those in East Germany.

He said that he would, while serving as ambassador to Germany, focus on enhancing relations with Germany, the country's fourth largest trading partner which also has major cultural relations with Seoul.

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'Stern' Government Strategies Urged Toward North

SK0202090395 Seoul CHOSON ILBO in Korean 2 Feb 94 p 3

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The United States still adheres to light-water reactors with the label "ROK-style." However, there is no guarantee the United States will adhere to this to the end. This is why the United States has recently and more frequently reiterated that "the improvement of U.S.-North Korean relations cannot be expected without a resumption of North-South dialogue."

In case the United States does abandon its demand for specifying "ROK-style" on the light-water reactors, the United States will probably attempt to wrest the concession of "a resumption of North- South dialogue" in an effort to soothe the ROK, offering Seoul "a chicken instead of a pheasant."

Under such circumstances, North Korea is attempting to gain great profits by opening a "stage" called the "Pyongyang Festival of Sports and Culture" in April this year. Such an attempt is aimed at propagating the "stability" of North Korea's system; at gradually approaching Western countries; at inducing Korean residents living overseas to visit North Korea so as not only to acquire much more foreign currency, but also to form a united front with them against the ROK; and at further accelerating its offensive against the ROK.

Reviewing this situation, it is clear we should establish more thorough strategic measures and not assume an easy-going attitude. What is most important is that the government should not give the impression to the United States, North Korea, or the citizens of the ROK that "the ROK Government is fond of a bait called the resumption of North-South dialogue."

What is also absolutely important is that we cannot and should not hold just any form of North-South dialogue, thus defaming our principles. The government should once again state that it has thus far fully shown its firm faith and resolution regarding this, both internally and externally.

"Dialogue" itself is good. However, the principle of advocating dialogue at any cost is not good. The government should make this principle clear to the United States as regards the issue of "ROK- style" labelling of the reactors and North-South dialogue.

What is also important is that it is necessary to counter in a selective manner the North's anti-South offensive. The government has so far refrained itself from pursuing stern and bold strategies toward North Korea for fear such strategies will irritate the North.

However, it is certain that North Korea's united front against the ROK is clearly a vicious offensive against the ROK. So why should the government refuse to take resolute and bold measures against the North? Various problems facing North Korea today—such as human rights, food shortages, an economic crisis, drug exports and terrorist activities, and an increase in defectors from North Korea—are issues we can favorably exploit.

We should not be the first to begin a cold war. However, we should not look idly on at North Korea's consistent cold war against the ROK simply in order not to irritate North Korea.

North Korea's unfair game of "acquiring money from the ROK and effecting gains in its united front strategy," while invariably opposing the ROK," are intolerable.

* Article Urges Seoul To Adopt New North Policy

952C0054A Seoul HANGUK ILBO in Korean
27 Dec 94 p 7

[By Eastern Kentucky University Professor Kwak Taehwan]

[FBIS Translated Text] The signing of the North Korea-U.S. basic agreement this year set the stage for resolving the nuclear issue, which has been the greatest obstacle to the process of peace and unification on the Korean peninsula, thus holding out a cautious outlook for improvements in inter-Korean relations.

This agreement has provided a basic framework for the United States, Japan, and North and South Korea to formulate a more cooperative mutual relationship in the future. In my opinion, the issue of the suspected North Korean nuclear weapons program can be resolved completely, depending on the sincerity with which this agreement is implemented.

What's more, when this agreement is faithfully implemented, it will provide momentum for the faithful observance and implementation of the North-South declaration on a nuclear free Korean peninsula, as well as the North-South basic accord which took effect in 1992.

South Korean hard-line conservatives criticize this agreement on the grounds that the United States has yielded too much to North Korea. In particular, they contend that the United States has set an undesirable precedent by paying a recompense for the abandonment of a nuclear-weapons development program.

However, considering the possible effect it would have on security on the Korean peninsula and the system of international relations in Northeast Asia should North Korea produce, manufacture, and possess nuclear weapons, the North Korea-U.S. agreement may be regarded as a big success for U.S. diplomacy.

In the wake of the North Korea-U.S. agreement, the system of international relations in Northeast Asia has shifted from an unbalanced system to a balanced one which requires a closer, mutually cooperative relationship among the countries in the region, thereby ushering in a new era for peace in Northeast Asia. In addition, it is expected that economic cooperation between North Korea and the United States will accelerate and the climate will improve for better North Korea-Japan relations, including exchanging liaison offices between these two countries.

Moreover the United States will push on with reducing the U.S. forces in South Korea by about 6,500 in accordance with the second-stage force-reduction plan, and economic cooperation between North and South Korea will also accelerate. In addition, the North-South joint committee on nuclear issues and four other North-South joint committees should be put into operation to discuss the outstanding problems.

The change in the system of international relations in Northeast Asia in the wake of the North Korea-U.S. agreement gives South Korean diplomacy a challenge as well as an opportunity. At this important juncture in history the ROK Government should unfold an active and positive foreign policy on the basis of a pragmatic line. Recently, the ROK Government has taken measures to allow South Korean businessmen to visit North Korea and open offices and make investment there. This is regarded as an opportune and appropriate policy.

According to the report, the South Korean Government took some steps to strengthen judicial independence and increase awareness of human rights by appointing new judges, prosecutors, and police during the past year.

"The judiciary has shown increasing independence, and that trend continued in 1994... Judicial officials generally considered committed to the independence and integrity of the judiciary were appointed to important positions in 1994," the report said.

However, the report said, the government slowed the pace of reform in response to increased tensions with North Korea over the nuclear issue, a rise in violent student demonstrations, and labor unrest, and it shelved planned reform of labor laws.

"Korea's labor statutes and practice continued to fall short of international standards."

Korean law, the report said, is vague with respect to detention, and prosecutors have wide latitude to interpret the law, mentioning the controversial National Security Law (NSL).

The government arrested over 200 dissidents under the NSL, which punishes those South Koreans who do espionage activities for North Korea or dangerous acts to South Korea, during last year, more than twice as many as in 1993, the report claimed.

"Some human rights monitors estimate that the number of political prisoners in Korea increased to more than 500 in 1994," the report said.

"However... the number of political prisoners and detainees as defined by international standards appears to number under 200."

In labor movement, the government did arrest unionists it viewed as acting as third parties in instigating or prolonging labor disputes, according to the report.

It said that the number of workers arrested for labor-related activities increased to over 60, compared with 11 in 1993. About 30 workers were still in jail as of year's end.

But, "the government under President Kim continued to cultivate a more neutral stance in labor disputes," it said.

In journalism, although most radio and television stations are state supported, the stations maintain a large degree of editorial independence in their news coverage, the U.S. State Department said.

While the government has abandoned direct control over the news media, it continues to exercise considerable indirect influence on the media, the report said.

The report also commented on the North Korean human rights situation.

It said, "The North Korean regime subjects its citizens to rigid controls."

The regime establishes security ratings for each individual which determine access to employment, schools, medical facilities, and certain stores as well as admission to the KWP [Korean Workers' Party], but it may have relaxed this loyalty system somewhat in recent years.

Defectors claim that North Korea detains about 150,000 political prisoners and family members in maximum security camps in remote areas, according to the report.

Foreign Ministry Comments

SK0202104895 Seoul KBS-1 Radio Network in Korean 1020 GMT 2 Feb 95

[FBIS Translated Text] Regarding the annual human rights report of the U.S. State Department, which raised the issue of the ROK's National Security Law, the government pointed out that the amendment and abolition of the National Security Law should be reviewed according to the progress in North-South relations, and should be based on our people's consensus through legal procedures.

The government revealed this in material released by the Foreign Ministry, and stressed that the National Security Law is the least systematic device to protect the liberal democratic system under the situation in which the North-South confrontation still prevails.

Ministry: Trade With PRC Moving Toward Balance

SK0202025595 Seoul THE KOREA HERALD in English 2 Feb 95 p 8

[FBIS Transcribed Text] Trade between Korea and China, which has passed the phase of explosive growth, is increasing at a more moderate pace, while Korean investors are charging into China with as much vehemence as before.

Imports from China are growing sharply while Korean exports are moderating. As a result, the bilateral trade is moving toward a balance.

According to an estimate by the Ministry of Trade, Industry and Energy, Korea exported $6.18 billion worth of goods to and imported $5.5 billion worth of goods from China last year.

Exports grew 20 percent over 1993 while imports shot up 40 percent. The trade pattern marked a notable change from 1993, when exports almost doubled while imports grew by a mere 5.5 percent.

As a result, Korea's trade surplus was almost halved from 1.22 billion in 1993 to $680 million last year.

Growth in the bilateral trade, or the total amount of exports and imports put together, declined from 42.3 percent in 1993 to 28.6 percent last year.

"The bilateral trade, which has experienced explosive growth since the opening of diplomatic relations in 1992, is moving toward stable expansion," said an official from the Ministry of Trade, Industry and Energy.

Major Korean export items were capital goods and products produced by the heavy and chemical industries while primary products and products produced by the light industry were major Chinese export items.

Among the Korean export items, ships, furniture, wood products, furs, soap and copper products came on strong while autos, steel products and rolling stock experienced setbacks.

Chinese-produced footwear, apparel, vegetables, raw hides and aluminum witnessed a sharp rise in their export to Korea, but grains, silk and medicinal products saw their growth decline.

In 1995, the Ministry of Trade, Industry and Energy expects the Korean-Chinese trade will reach $15 billion, up 28 percent from last year - $8 billion in exports, up 30 percent and $7 billion in imports, up 27 percent.

China is expected to expand imports, including those from Korea, to generate a high level of growth while opening its domestic market wider in preparation for admission to the World Trade Organization, the ministry said.

But there are potential obstacles to Chinese imports, including political instability which may follow the death of bed-ridden leader Deng Xiaoping, the ministry said.

Korean-made electric and electronics products are expected to emerge as hot items for export to China, which is expanding its communications networks, the ministry said.

It expects China to restart importing Korean-made cars in volume and expand machinery imports this year. It also expects Korean-made textiles and petrochemicals to boom in their exports to China.

In contrast with the stabilizing bilateral trade, Korean direct investment in China witnessed triple-digit growth last year.

During the January-November period, Koreans invested $496.9 million in 743 projects, up more than 130 percent from the corresponding period in 1993.

Korean investors' interest is shifting from the Association of Southeast Asian Nations (ASEAN), where wages have risen considerably in recent years, to China which offers abundant labor at low costs, the ministry said, adding that China's geographical closeness is another advantage.

South African Foreign Minister Arrives in Seoul

SK0202015695 Seoul YONHAP in English 0145 GMT 2 Feb 95

[FBIS Transcribed Text] Seoul, Feb.2 (YONHAP)—South African Foreign Minister Alfred Nzo flew into Seoul Thursday at the invitation of his South Korean counterpart Kong No-myong to enhance bilateral economic and political cooperation.

Nzo will have talks with Kong in the afternoon to discuss ways to boost cooperative relations between the two countries and exchange views on major international issues, including the political situation on the Korean peninsula, according to a Foreign Ministry spokesman.

During his 3-day stay here, the South African foreign minister will pay a courtesy call on President Kim Yong-sam to convey a message from South African President Nelson Mandela to President Kim, said the spokesman.

Nzo will also meet with National Assembly Speaker Hwang Nak-chu on boosting bilateral parliamentary cooperation, said the spokesman.

He will tour the truce village of Panmunjom and the Saemaul (new community) Movement headquarters to look into the tense situation on the peninsula and South Korea's rural development program, the spokesman said.

Diplomatic Relations Reestablished With Seychelles

SK0202070995 Seoul YONHAP in English 0523 GMT 2 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 2 (YONHAP)—South Korea reestablished diplomatic relations with the Indian Ocean island state of Seychelles last Sunday, 15 years after the two nations severed ties which lasted five years from 1976, bringing to 176 the total number of countries having relations with the country, a spokesman for the Ministry of Foreign Affairs said Thursday.

South Korean Ambassador to Kenya Kwon Sun-tae signed a protocol with Morel, director general of the Foreign Ministry of Seychelles, on normalizing bilateral relations at the Kenyan capital of Nairobi, said the spokesman.

The island state in the Indian ocean has prospering fisheries and tourism industries and the normalization of relations will likely pave the way for the country's tuna fishing boats to operate in the waters of Seychelles.

The island country has maintained close ties with North Korea with President Albert Rene having visited North Korea five times.

A total of 124 countries have normalized relations with both Koreas.

More Foreign Exchange Deregulation Measures Noted

SK0202000695 Seoul YONHAP in English 2249 GMT 1 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 2 (YONHAP)—The Finance and Economy Ministry decided Thursday to take steps to deregulate foreign exchange transactions further under the 5-year foreign exchange market reform plan ending 1999.

Under the steps to go into effect from Feb. 13, emigrants will be allowed to take with them up to 500,000 U.S. dollars for ordinary emigration and up to 1 million dollars for emigration to invest in a foreign country, both on a four-member family basis, when they leave the country. In case a host country's ceiling on an immigrant family's initial investment is more than 1 million dollars, however, emigrating families to such a country for investment may take the additional amount out of the country.

Remittances of up to 5,000 dollars will be completely deregulated. At present, such remittances are limited to supporting a family member or a relative residing overseas. Accordingly, overseas remittances for any purposes, such as payment for book purchase, will be allowed. In addition, the ceiling on yearly remittances will be raised to 30,000 dollars.

Travelers leaving the country on an overseas tour will be allowed to take with them up to 10,000 dollars as basic travel expenses for an overseas stay of up to one month, and for those on an overseas tour of more than one month through 12 months, 10,000 dollars will be added to the basic expenses for every additional month. Those on an overseas tour of more than one year may take a 50,000-dollar settlement fund out of the country, in addition to expenses for family members, such as medical and educational expenses.

The use of credit cards overseas will be allowed for monthly payment of up to 5,000 dollars for individuals and 100,000 dollars for corporations, and punishment of those for using credit cards overseas to pay more than these limits will be eased.

Individual citizens may purchase foreign exchange of up to 10,000 dollars a year from any foreign exchange banks and use foreign currencies, such as the U.S. dollar, the Japanese yen and the German mark, in payment for purchase of up to 1,000 dollars in the country.

Ceilings on overseas securities investment will be raised to 500 million won for individuals and 1 billion won (1.26 million U.S. dollars) for corporations, and foreign exchange deposits overseas for such investment will be allowed up to 30,000 dollars a year for individual investors, up to 1 million dollars for corporate investors and up to 100 million dollars for institutional investors.

During the latter half of the year, the government will take additional liberalization steps to deregulate the money exchange market, introduce a foreign exchange broker system and liberalize foreign exchange banks' overseas contract system.

The government will also ease restrictions on overseas real estate investment, foreign commercial loans, manufacturing firms' establishment of a sales finance company overseas, imports on a deferred payment basis and exports on an advance payment basis.

Trade Ministry Prepares Environmental Guides

SK0202022495 Seoul THE KOREA HERALD in English 2 Feb 95 p 8

[FBIS Transcribed Text] The government plans to create legislation to lay the groundwork for making the nation's industries environment-friendly in preparation for the international trends of environmental controls.

The Ministry of Trade, Industry and Energy will submit to the parliament's plenary session this fall a bill on creating the ground work for making industries environment-friendly, the ministry said.

The proposed law will stipulate the guideline for drawing up an "industrial environment vision" aimed at encouraging the industrial sector to make efforts for protecting the environment on a voluntary basis as well as the comprehensive direction for accelerating environment-friendly industrial activities, it said.

The projected legislation will contain the legal foundation for working out and implementing plans for converting the nation's industrial structure into an energy-saving one.

Domestic efforts to make preparations for the introduction of the proposed international environment management standardization ISO 14000 will be specified in the bill, according to the ministry.

The bill also calls for clarifying the scope of the environment, which has emerged as a new industrial sector, and preparing the legal foundation for providing assistance on the part of other industrial fields.

Creation of the proposed law is urgent as such issues as international efforts to link trade to the environment are expected to be discussed in earnest with the launch of the World Trade Organization, ministry officials said. The nation's efforts to help its industries secure a competitive edge in the global market and make them comply with environment preservation are also needed as international environmental controls, which now focus on the curb on the use of pollutants, are expected to spread to other industrial sectors such as manufacturing, distribution and disposal, they said.

The ministry said it will unveil in the first half of the year the "industrial environment vision" on the environment impact of 10 industrial sectors, including steel, cement and paper manufacturing. The industrial environment vision will be prepared in cooperation with relevant industrial bodies and state-invested research institutes, including the Korea Institute for Industrial Economics and Trade and Korea Academy of Industrial Technology, according to the ministry.

Kim Chong-pil Holds New Party Planning Session

SK0202072295 Seoul YONHAP in English 0614 GMT 2 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 2 (YONHAP)—Kim Chong-pil, former chairman of the ruling Democratic Liberal Party (DLP), and his political associates have started discussing in detail procedures for creating a new political party by holding the first meeting of the preparatory committee Thursday morning.

During a working committee session presided over by former National Assembly Speaker Pak Chun-kyu, the participants decided to name the party as "the United Liberal Democrats" and agreed in principle that Kim will formally declare a secession from the DLP to inaugurate the political group around Feb. 9 or 10.

Sources at Kim's camp said that, in his declaration to the people, Kim will explain about the reason for his deserting the ruling party while expressing his intention to create a new political group with "people who share the same aspiration with Kim."

The working preparatory committee is scheduled to hold an inauguration ceremony in the middle of this month for formal foundation of the group and official registration with the Central Election Management Commission.

An aide to Kim revealed that the political group will hold the first national convention in mid-March to adopt a constitution and platform, a formal procedure for inaugurating a political party.

As to the leadership system, Kim has been learned to come to the fore of the party hierarchy with Pak serving as advisor, but they have yet to determine whether the leadership will be a collective system.

In this connection, former Deputy Prime Minister Choe Kak-kyu, who is certain to join Kim's new party, said they have not yet determined the type of the party's leadership system, adding, however, that Kim must assume overall responsibility until the new party takes a firm root and get into shape.

Choe also said they are discussing details on the scope of persons participating in the inauguration ceremony of the political group.

"As we have decided to take part in the forthcoming local elections under the name of the united liberal democrats, we are presently making multi-lateral contacts to introduce as many new faces as possible," he stated.

Choe, who is known to be a close aide to Kim Chong-pil, also met Kim Yong-hwan, an independent lawmaker and Kim's confidant, Wednesday night upon the latter's arrival from the United States and agreed that they will strive to prevent the new party from becoming "the replica of the former Democratic Repubublican Party" or only representing specific regions of the country.

DLP on Disciplinary Action Regarding New Party

SK0202072595 Seoul YONHAP in English 0657 GMT 2 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 2 (YONHAP)—The ruling Democratic Liberal Party (DLP) plans to take disciplinary actions against those party figures who stay in the party while expressing their intention to join the new party probably to be created by former DLP Chairman Kim Chong-pil, a senior official at the party said Thursday.

Rep. Mun Chong-su, secretary-general of the party, said, "if those figures, lawmakers or not, follow Rep. Kim Chong-pil and do harm to the party, then they will be reprimanded after the party's national convention."

The Feb. 7 national convention is expected to reorganize the party's leadership system and relieve Rep. Kim of party chairman, that is, No. 2 man inside the party after President Kim Yong-sam.

Rep. Mun said, "but I think they will probably choose their own way with sound judgment after the national convention, leaving the party or not, because they are politicians."

Mun's remark is regarded as an indication that the DLP is to take a wait-and-see attitude until before Rep. Kim officially announces his departure from the ruling party and formation of a new party.

"Because the national convention is only a few days away, the party will focus on preparation for the convention to be born again. And after the convention, I think only a small number of party figures will leave the party," Rep. Mun said.

* 14th National Assembly Lawmakers Assessed

952C0047B Seoul SISA JOURNAL in Korean 8 Dec 94 pp 86-87

[By SNU professor Pak Chan-uk: "Eager for the Splendor of Parliamentary Inspection of Government Offices but Rough-and-Ready about the Scantily Watched Budget Deliberations"]

[FBIS Translated Text] The 14th National Assembly spent the first half of its term, in a nutshell, groping for ways to advance parliamentarianism. Political quarters were engulfed in the vortex of reform, and the National Assembly, seizing on the opportunity, revamped political laws, including the election law. Plenary sessions were held frequently and standing committees met constantly through the first half of 1994, except for the presidential election year of 1992, holding relatively vigorous debates on government.

Especially noteworthy was the revision of the National Assembly Act passed in this period reflecting the common awareness that the parliament should also change. The revision, one may say, adopted more than half the recommendations made by a parliamentary system improvement committee composed of members including outside experts. Thus, the foundations were laid for the National Assembly to operate on a regular basis and to stimulate debate and increase the opportunity of speaking for members. The National Assembly undoubtedly achieved significant progress in operations in this period.

Then, would historians in their future ratings of the 14th National Assembly say it formed the watershed of parliamentarianism in Korea? For an honorable history like that, however, its members must not be content with changes that have been made. Rather, they should look into what lurks behind all these changes—namely, a behavior that remains unchanged—and face up to the reality.

At a time when the legitimacy of reform can hardly be denied, the National Assembly not only failed to act accordingly on its own, but also to properly adapt itself to the unfolding reforms. It thus came under a barrage of critical language chiding its apathy, such as the comment that the National Assembly is the very object of reform and that it is "ducking and staying put" or "sitting on the fence" or "devoid of policy." The legislature should be able to complement, revise, or restrain measures proposed by the president and his administration.

Members of the 14th National Assembly made efforts to revitalize parliamentary activities and succeeded in improving systems. But they failed to meet requirements in the substance of their parliamentary activities. They would concentrate on activities such as interpellation and parliamentary inspection of government offices which offer opportunities for them to directly examine the conduct of state affairs by the administration and thereby to enhance their popularity. On the other hand, they proceed in a rough-and-ready manner in deliberations of bills including those dealing with legislative measures, audit, and budget. Although the standing committees met more frequently, the standing-committee centralism over the process of deliberations of bills failed to take root, and the parliamentary control of the administration through revisions of bills and examinations of state finances remains weak. Basically deficient is the expertise of assemblymen themselves in the deliberations of state affairs.

Members of the 14th National Assembly should now recognize where they stand in history and fulfill their duties in good faith so that they can build an image of a lawmaker worthy of creating a new history of parliamentarianism. To consolidate democratic government domestically and to positively respond to the rapidly changing international environment, it is necessary that a new government be instituted. New government is the kind of government capable of diagnosing the conditions of problems cool-headedly, searching for and presenting alternative policies, and of providing effective control and coordination. Only a parliament autonomous and highly efficient in deliberating state affairs can be the driving force of new government.

Assemblymen should first of all recognize the fact that Korea's political democratization has not yet been completed. The start of the Kim Yong-sam government did not necessarily mean the consolidation of democratic government. There are remaining tasks yet to be fulfilled, including ensuring sustained creation of power through elections and at the same time guaranteeing the freedoms of citizens thoroughly, firmly establishing pluralism for equitability among social forces, and further realizing the transfer of power among political parties. In the National Assembly, the ruling party's arrogance and the opposition's get-tough response should come to an end.

If lawmakers are to show parliamentarianism worthy of advanced government, they should alter their activities which thus have fully been devoted to tending to electorates. They need to do away with practices of spending so much time and resources to tend to ceremonial occasions involving constituents; instead they should give priority to legislative interests. There is a need for a new political tradition being established in which high ratings of their legislative activities not only enable them to win reelections and increase influence in the parliament but also bring them chances of rising to the nation's highest office. Lawmakers should concentrate on national issues, leaving constituent business and local community affairs for members of local assemblies to take care of.

Democracy carries with it open political process and obligations of politicians for citizens. It is a matter of course that citizens watch and rate the conduct of members of the National Assembly in the plenary and committee sessions and other parliamentary activities, as well as its results. Also, lawmakers in the age of democracy should be clean, honest, and sincere and, based on those virtues, become leaders loved by citizens.

The Korean economy is not the only economy in competition with the world's advanced economies such as the U.S. and West Europe. Today, when personal and material exchanges are expanding on a global basis and interdependence between countries is deepening, Korean politics cannot but emulate the advanced politics of other countries. The days are gone when our parliamentarianism was compared with those in some countries where parliaments are thrust away from the center of government to a peripheral position, or have been reduced to a mere symbolic existence. There is a need to examine the efficiency of our National Assembly and its members by comparing them with the parliaments and parliamentarians of advanced democratic countries. In order for lawmakers to actively conduct legislative activities, they are required to cultivate expertise essential to them. Computer databases currently maintained and utilized by assemblymen are merely for administrative purposes involving voters in their constituencies, party members and members of supporters' associations. There should be more of them using databases to obtain sophisticated information on the respective policy areas for use in their activities to formulate legislative measures, prepare for budget deliberations, and interpellate the administration on policies and other issues. A shortcut for effective control administrative agencies is for lawmakers to prove themselves to be a good match for bureaucrats in terms of knowledge and information. When they are well enough grounded to grasp issues in perspective and when they develop pertinent, professional knowledge, they can easily realize policy reforms which bureaucrats cannot.

The ROK is confronted with the special task of North-South reunification. In their substantial exchanges with their counterparts in the North, lawmakers should be prepared for the eventual reunification. In this area, too, it is important that they show expertise. For example, members of the Construction Committee ought to be familiar with the current status of North Korea's social overhead capital and related problems; those of the Agriculture and Fisheries Committee should be versed in the North's agricultural problems and have a conception of future agricultural policies of a unified Korea. Of all policy areas, the National Assembly is particularly deficient in its abilities in the national security, reunification, and foreign policy areas. It is required that members pay special attention to correcting their deficiencies in these areas.

It is a matter of urgent concern whether members of the 14th National Assembly will come up with a leaping, qualitative improvement in their parliamentary activities in the latter half of their term. In fact, considering the disclosed levels of their educational backgrounds, one cannot but have misgivings about the low levels of their deliberations of state affairs. The reason: while the number of them who did not go to college is extremely small, approximately half of them did graduate study. If the 14th National Assembly should fail to show itself as a full-fledged parliament despite such qualifications and institutional improvements as already have been made, it would bring great disappointment to the citizens. The effects of nonparliamentary factors on the abilities of the National Assembly are indeed undeniable, but still the primary responsibility for deficiencies in its deliberations of state affairs rests with the lawmakers—the leading players on the stage of parliament.

* Initial Issue of Floating Rate Notes Unsteady

* Firms Issue Floating Rate Notes

952C0005a Seoul HANGUK KYONGJE SINMUN in Korean 22 Sep 94 p 3

[By reporter Yuk Tong-in]

[FBIS Translated Text] The government has approved a total of ten companies to issue floating rate notes (FRN). Five of these companies have already finished issuing them. However, in the bond market, all five have either directly or indirectly paid more interest or failed to absorb the whole amount. Three companies that issued FRN's last December, Samsung Electronics, Goldstar, and Hansol Paper, all decided on an annual coupon rate of 15.2 percent, adding 0.1 percentage points to the then annual CD interest rate of 15.1 percent. Of these, however, Samsung Electronics was the only company to absorb the entire issued amount with at least coupon rates. Of course, of Samsung too it is said that it was "possible to absorb the entire amount with coupon rates [only] on the condition that it would deposit it in the bank." As if due to its "war of nerves" with its rival, Samsung Electronics, Goldstar did not further raise earning rates in the circulation market. As a result, 8-billion won [W] of the W10 billion in FRN's issued by Goldstar were not absorbed and Taesin Securities, a stock management company, was stuck with them. Normal sales being difficult, Hansol Paper had to absorb quantities at an annual rate of 15.35 percent, with a maximum of 0.25 points of interest added to the coupon rate. The situation was the same for First Synthetic Fiber and Samsung Construction, which issued FRN's for the second time on the 17th. At that time, the CD interest rate was at an annual 15.3 percent, up 0.2 percentage points from the time of the first issue (15.1 percent annually). Therefore, these two companies set their coupon rate at 15.4 percent annually, adding 0.1 percentage points to the CD rate. However, sales were impossible even with this level of interest. Ultimately, First Synthetic Fiber sold the FRN's at 15.5 percent annually, with 0.25 points added to the CD rate; Samsung Construction, at 15.6 percent, with 0.3 points added. "Some companies, such as Pohang Steel, which intend to issue FRN's sooner or later, are understood to be conducting 'last-minute negotiations,' taking into consideration their external credit, with some institutional investors to enable them to sell at coupon rates as did Samsung," said persons in the bond market. "Given the present circumstances, normal issue is very difficult," they explained.

* State of Currency Market Poor

952C0005a Seoul HANGUK KYONGJE SINMUN in Korean 22 Sep 94 p 3

[By reporter Yuk Tong-in]

[FBIS Translated Text] Beginning with its first issue, the FRN (floating rate note)—born as a symbolic financial product proclaiming the opening of an era of interest liberalization—is faltering. This is because there are many obstacles to be removed and, depending on the situation, many stepping stones to be laid down. Prices had to be cut so much for the FRN's issued on two occasions, the 12th and the 17th, by five companies, Samsung Electronics, Goldstar, Hansol Paper, First Synthetic Fiber, and Samsung Construction, that they were called dumping sales by some. There were also many of which the issued quantity could not be properly absorbed. Naturally, mainstay corporations considering issuing FRN's, attracted by the "floating interest rate," are hesitating. Most companies are deferring issuing them themselves. There are various reasons for this situation to occur. First, we can point to the fact that there were FRN-supplying institutions, but no consumers. The government gave approval to ten companies for W319 billion in FRN's. However, bank investment trusts and other major institutional investors were not even prepared to buy FRN's. If they are to purchase FRN's, they must have products in which to incorporate them, but at present, they have no suitable products. With no circulation market forming, falling convertibility is also pointed out as a problem. FRN's, by the fact that they determine and calculate interest every three months, are a product directly competing with CD's (transferable certificates of deposit). CD's, however, can always be sold on the market whenever cash is needed. It is said that the convertibility of FRN's is still questionable. Therefore, it is only natural that institutional investors would seek to be compensated with interest for the uncertain convertibility of FRN's. They demand that 0.3-0.5 percentage points of interest be added to the standard rate (CD rate). Anyway, they have no choice but to raise interest rates for companies to ensure issue success (absorption of FRN's). In actuality, most companies sold with 0.25-0.3 percentage points added to the coupon rate. This can be called dumping sales. The instability of the FRN standard interest rate is another reason for companies to avoid issuing them. The standard rate of the FRN is linked to CD's. This CD rate does not properly reflect market interest. Because of the weakness of the domestic CD market, if the CD rate jumps due to a temporary increase in sales, it is believed that FRN payable interest could suddenly increase. That companies are still unable to compete in good faith on the bond issues market also makes the vitalization of the FRN market difficult. The five companies that have issued FRN's are companies whose issue earnings are differentiated to a certain extent if they float loans overseas. Domestically, however, they refuse issue earning differentiation. Because of their battles of "pride" over corporate image, etc., they hate more than death issuing at an interest rate higher than their competitors. This is demonstrated by the fact that all five companies put FRN's on the market at the exact same interest rate, 0.1 percentage points above the CD rate. This is to say that the issuing companies brought the absorption troubles on themselves. It is also possible to interpret this as the natural consequence of their own actions. The difficulty experienced in the recent issue was also due to a timing problem. They issued FRN's in basic conditions of rising interest rates. From the consumer's standpoint, if he waits just a little longer he can buy a high-interest product, and that too at a fixed rate; there is no real reason to purchase a variable-interest product at a time when interest rates are low. Thus, the attempt to get the FRN going was, for now, a failure. If we seek to assign responsibility for each of the causes of this failure, most fingers will be pointing in the direction of policy-making authorities. This is because it is felt that the system was adopted haphazardly, without sufficient preparation or verification beforehand. However, for reducing the burden felt by business concerning interest and for establishing interest liberalization, the FRN system is definitely needed. Although after the fact, the reason a prescription [for the market] must be written is found here. It seems that, more than anything else, we need the development of "medicinal" products incorporating FRN's [i.e. something that will act on the ailments of the market].

* Protection for Industry Slowly Diminishes

952C0054B Seoul CHUNGANG ILBO in Korean
15 Dec 94 p 8

[By industry reporter Kim Won-tae]

[FBIS Translated Text] It seems that many entrepreneurs and workers have had too many sleepless nights this year, indicating that the winds of change that swept through the industrial world were very strong and that job security for union members underwent a major change. "Did you have a good sleep last night?" became a fashionable greeting at each workshop.

There is the saying that the days when organizations were the weakest were the days when the country developed most.

It was no accident that a company employee who returned to his home office after working in a New York branch for a year confided to his colleagues, "I feel as if I came to a different world." They say that 10 years in advanced countries are equivalent to one year in our country. In fact, many agree that it seems as if this year belonged to another age.

This is because the year 1994 was the year in which preparations for globalization proceeded to get ready for the inauguration of the World Trade Organization (WTO), and in which a private sector-initiated economy as advocated by the civilian government was put to the test.

The economic policy, which danced on the two blades of the government initiatives and the private sector initiatives, has failed to lead industrial activities in an effective manner. The government, the political world, and the industrial community had different dreams over the concept of an economy "regulated by the private sector."

Bureaucrats were nostalgic for the days when the economy was under government control; entrepreneurs failed to demonstrate a "mature self-regulating" capability; and politicians suddenly switched to the political logic of economic policy while preaching market economics, with a view toward the local elections and two major elections ahead.

The opposition of the Federation of Korean Industries [FKI] to the bill of amendment to the Fair Trade Act, and the opposition of Korean Air to the planned allocation of international air routes were symbolic of the difference of opinion between the government, the political world, and the private business community.

Particularly, the deregulation policy, which the new government advocated as its first and foremost economic policy, was perceived by entrepreneurs as nothing but the no-action, talking-only [NATO] syndrome. Jinro reacted to the passage by the National Assembly Finance Committee of the bill of amendment to the law on alcohol taxes with a threat to file a constitutionality suit. In the final analysis, these cases are episodes on the road to a private-sector regulated economy.

Entrepreneurs, who were thrown unprepared into a battlefield of unlimited competition under these transitional circumstances, had to stay up all night making and taking up challenges in the rough seas of liberalization and on the commercial battlefield for a bigger share of the economic pie. The battle was touched off by the speedy removal of the protective shield. The business environment which has been removed from the hothouse was as cold as wintry winds to businesses, large and small.

Some sectors were stained with a bloody, dog-eat-dog free-for-all. It seemed as if commercial propriety and business ethics were thrown overboard for now.

Many manufacturing firms transplanted their operations to China and Southeast Asian countries in order to flee from the adverse business environment at home. But they had a hard time because of the frequent changes in the laws and systems in the host countries. Company employees also were agonized by the hot wind of a "new management style" which spread through the industrial sector. An economic journal recently surveyed chief executive officers on what they considered as the 10 top management news items of the year. The CEO's chose reengieering as the second most important news after the death of Kim Il-song. This is indicative of the intensity of the drive for management renovation.

One company after another introduced an annual salary system and an honorary retirement system. On the other hand, the seniority system collapsed, resulting in many cases in which former junior officers became the bosses of their former senior officers. The number of the unemployed in their 40's and 50's increased drastically, and public libraries were crowded with late learners. A considerable number of those employees who barely managed to avoid lay-offs suffered from a neurosis triggered by the constant fear of unemployment and had to go to see doctors.

At any rate, this year has been a year of confusion for the industrial world. The greater the confusion, the greater should be the effort to return to the basic principles. In order for our country to reach heights in the 20th century, each and every member of organizations needs to lay a sold groundwork. It is necessary to boldly do away with the expediency mentality and the end-justifies-the-means philosophy with which people were imbued under the authoritarian governments of the past, and prevent all flaws in the process of regeneration. Let us map out a survival strategy by using our brains instead of trying to make up deficiencies with more labor. Let us begin by putting ourselves, our companies, and our countries in order before stepping outside and making our way into the outside world. Otherwise, foreign entrepreneurs might occupy our living rooms when the economic borders disappear.

Samsung Charges Nintendo With Counter Lawsuit

SK0202013295 Seoul THE KOREA TIMES in English 2 Feb 95 p 8

[FBIS Transcribed Text] Samsung Electronics has filed a counter lawsuit against Nintendo of America (NOA), which charged Samsung two weeks ago with having forged software used in video electronic games.

According to a company spokesman, Samsung yesterday lodged the suit against NOA with the U.S. District Court in Seattle, Washington, where the U.S. subsidiary of the giant electronic game maker Nintendo sued Samsung Jan. 17 alleging the manufacture of bogus software used in Nintendo video games.

In the lawsuit, Nintendo of America called for an end to production of counterfeit software, monetary compensation by Samsung and confiscation of all games using pirated software.

The spokesman said that Samsung filed the lawsuit against Nintendo of America for tarnishing Samsung's image and interfering with its contracts with customers.

Samsung claimed allegations by Nintendo of America in the petition that Samsung infringed on its patents rights for the manufacture of mask ROM (read only memory) and other software programs had no legal grounds in the view of law attorneys in the United States.

The world's leader in memory chips, Samsung denounced Nintendo of America for its intentional publicizing of the case in news media even though the case should be dealt with at court, thus seriously hurting Samsung's image.

The spokesman said that Samsung's lawsuit reflected its strong determination to counter any kind of immoral activity by both local and foreign business concerns.

He said that Samsung will emerge as the victor in the end because Samsung has put the major emphasis on morality in the pursuit of its new management policy.

He also said that Samsung has focused efforts on the crackdown on piracy of intellectual property rights for more than a decade.

Samsung, which developed the world's first fully working die for 256M DRAM (mega dynamic random access memory) chips last year, has maintained a long relationship with Nintendo.

Last year, Samsung became the 23rd enterprise in the world in biggest terms of the number of patents rights registered in the United States.

Users Respond Favorably to Use of VDT Services

SK0202014095 Seoul THE KOREA HERALD in English 2 Feb 95 p 3

[By staff reporter Yu Chong-mo]

[FBIS Transcribed Text] A "telephone video" service is being much talked about among residents in Panpo-tong, southern Seoul, these days.

Under a pilot VDT (video dial tone) service offered by Korea Telecom (KT), 100 households in the area can order and watch movies conveniently via telephone lines.

In addition to the movie service, the residents can also enjoy karaoke, sports, and documentary programs.

Children can learn English through VDT's tutoring program, while the "cooking school" benefits housewives.

"While watching a movie or singing a song through telephone lines, I still can receive or make phone calls," said Pak Hui-yang, a subscriber to the trial service.

"The VDT technology is marvelous. It will surely bring about remarkable changes in people's cultural life in the near future," Pak said.

VDT is an advanced and comprehensive concept of the popularly known term, VOD (video on demand). VOD refers only to the movie program service of VDT.

KT's pilot VDT service, launched last November, has proven to be a smashing success in terms of both technology and popularity.

The VDT network responds almost immediately in less than a second after subscribers press the "power" and "enter" buttons on the remote control.

Furthermore, it has all the functions of the existing VTRs, such as "pause," "fast-forward" and "rewind."

VDT's images and telephone's voice signals flow in different frequency bands, making possible the simultaneous use of the two services.

Such an advanced system is the first of its kinds in Asia except for Hong Kong and a couple of other countries.

Hong Kong's VDT system, however, is said to react in about seven to eight seconds after the operation of a remote control.

In the case of the United States, Time Warner Co. has recently introduced a futuristic and truly interactive VDT service in Florida, using fiber-optic wires.

KT's pilot VDT service, scheduled to continue through this September, will be expanded in October to cover about 1,000 subscribers in Seoul, Pusan, Taegu and three other large cities.

A commercial VDT service will kick off next year, said U Sung- sol, a KT official in charge of the project.

"We still have some technological obstacles to overcome. VDT's image and voice signals can travel only 5 km through the conventional trunk phone lines," said U.

At present, only five households can watch the same movie simultaneously, said U, adding that KT has been pushing R&D efforts to increase the number to 30 households by the year's end.

KT's success will help narrow South Korea's technological gap with advanced countries in the multimedia field.

In a bid to accomplish a truly interactive, multimedia service, KT plans to diversify its VDT program menu to include home shopping, video games, teletutoring and an electronic church service.

Increasing numbers of private program providers are expected to participate in the KT project.

The VDT system is composed of four key components—video server, video switch, ADSL (asymmetric digital subscriber line), and set-top box.

Huge racks of computer disk drives, called video servers, store movies and other "video assets" in digital form.

Burma

Trade Minister, Mauritian Official Hold Talks

BK0102145295 Rangoon Radio Myanmar in Burmese 1330 GMT 1 Feb 95

[FBIS Translated Text] Lieutenant General Tun Kyi, member of the State Law and Order Restoration Council and minister of trade, held frank and cordial talks on bilateral economic and trade matters with Mr. (Dwathanat Gunja), Mauritian minister for trade and shipping, and his delegation at 1800 today. After the meeting, Minister Lt. Gen. Tun Kyi hosted a dinner in honor of the visiting Mauritian minister and his party.

Former Army Officer Criticizes Offensive

BK0102133895 Oslo Democratic Voice of Burma in Burmese 1430 GMT 31 Jan 95

[Telephone interview with retired Lieutenant Colonel Aye Myint, who defected to the border area after the 1988 uprising, by an unidentified Democratic Voice of Burma correspondent; place and date not given—recorded]

[FBIS Translated Text] [Correspondent] Concerning the SLORC's [State Law and Order Restoration Council's] recent offensives against the Karen National Union [KNU] near Thai border, the SLORC has denied its involvement and officially said that the offensives have been carried out under a plan by the local nationalities. How do you view this matter?

[Myint] What they [SLORC leaders] are saying is not true. They are openly lying to the people and the international community. As a man on the spot [four preceding words in English] and based on the experience gained while serving in the enemy's army [Burmese Army) as G-1 [general staff officer grade-1], I can present the situation precisely and with evidence.

Traditionally, the decisions are systematically made and evaluated, and plans are laid down during the coordination meetings for the first tri-annual operational period—from 1 January to 30 April; second tri-annual operational period—from 1 May to 31 August; and third tri-annual operational period—from 1 September from 31 December—which are held at the War Office. As a tradition, these coordination meetings are attended by regional, battalion, and divisional commanders led by the commander in chief of the Defense Services. Actually, the SLORC is properly implementing the goals set for the first tri-annual operational period at a coordination meeting for the third tri-annual operational period held in December.

[Correspondent] The SLORC is saying that it has not joined hands with the DKBA [Democratic Karen Buddhist Army] to stage offensives against the KNU. The SLORC says it has only supplied logistical support to the DKBA. Is this true?

[Myint] It is not true. It is just an old trick and a clever policy of the SLORC. Did SLORC ever admit the truth? Let's look at the fall of Manerplaw. We have witnessed the involvement of units from 22d, 33d, 44th, and 66th Divisions and large-caliber mortars such as 105 mm (millimeter], 76 mm, and 120 mm. They cannot fool us. It is just a ploy of the SLORC. At first, the SLORC uses religious propaganda on the DKBA. Now look, the SLORC is calling the DKBA—a splinter KNU group yearning for the peace. It is really amazing to look at SLORC's hypocrisy. The SLORC is lying to and trying to confuse the people and the international community. I would like to warn everyone to beware of SLORC's immorality and wickedness.

[Correspondent] Another thing we would like to know is the present situation on SLORC's offensives in the border region, and how do you view the future?

[Myint] Frankly, my genuine view is that the SLORC will seriously and systematically carry out the offensives, according to its plans, during this first tri-annual operational period—from 1 January to 30 April. We can see that they have already started the offensives in Kawmura; near the outpost of 4th Brigade in the south; and along the Salween River in the north to have control over these areas. If SLORC says it isn't involved and doesn't know about the offensives, then it is openly lying.

Part IV of Article on Fall of Manerplaw

BK0102113595 Rangoon Radio Myanmar in Burmese 0415 GMT 1 Feb 95

[Fourth installment of article by "a Karen national" from the 1 February MYANMAR ALIN and KYEMON: "Which Way KNU?"]

[FBIS Translated Text] The Karen Buddhist soldiers have already agreed to form a strong and firm organization to face rather than attack Nga Mya [derogatory term for KNU leader General Bo Mya] and the KNU [Karen National Union] indiscriminately. Lieutenant Pya Pya tried to control the influx of the KNU from Thu Mae Hta. Kyaw He and Kyaw Than were based at Myainggyingu. Phado Sein Tun, Phado Min Thu, Phado Ti Kay, and Lt. Kyi held a discussion on 20 December 1994 to form an organization. We are followers of Myainggyingu Sayadaw [Abbot], and there is no reason to trust the KNU. They are enticing us with power and money, but we are not giving it a thought. We will be killed if we return. We have lots of followers. We need good leaders. I only have fourth standard education. Most of us did not finish high school because of the KNU. We should seek help from the 1st Brigade and the DO [Defense Organization] 2d Battalion. The Buddhist soldiers formed the DKBA, Democratic Karen Buddhist Association, [preceding five words in English] the following day, 21 December 1994, and issued Announcement No.1/94 completely dissociating from the KNU. The full text of the announcement is as follows:

Announcement No.1/94 of the DKBA, Dated: 21 December 1994.

1. The Democratic Karen Buddhist Association, DKBA, has been formed effective 21 December 1994 with the aim of establishing a peaceful Karen State.
2. The fundamental programs of the DKBA are as follows:
   a. to bring about a peaceful life to all ethnic people of the Karen State;
   b. to give priority and work for the development of all ethnic people of the Karen State;
   c. to work for the economic development of all ethnic people of the Karen State;
   d. to work expeditiously for the stability and development of race, religion, faith, culture, and traditions;
3. a detailed constitution will be separately issued.

Signed: The DKBA

The DKBA was formed as a temporary measure. Forces from the 1st Brigade slowly trickled into Myainggyingu and joined forces. On 22 December, the day after the formation of the DKBA, another 60-stong armed personnel group from the 6th Brigade also joined the forces. Lt. Charteik and party from the 1st Company of the 19th Battalion, Lt. Kyaw Kale and party from the 2d Company of the 21st Battalion, and Lt. Takee and party from the 5th Company of the 104th Battalion, paid their respects to Myainggyingu Sayadaw Badanta U Thuzana. Phado Tha Htoo Kyaw, chairman of the KNU 1st Brigade, also sent Phado Larba and 50 armed personnel to join forces, thus lifting the moral of the DKBA members. The KNU forces have been keeping an eye on the situation. When the KNU Central [Headquarters] found out that the DKBA has openly declared its dissociation for the KNU on 21 December 1994, it was like a blow to the KNU's solar plexus. But the KNU acted ignorantly and issued telegrams noting a five- point agreement have already been signed on 15 December 1994; the KNU Representative Phado Ba Thin and Buddhist Representative Monk U Thumingalar have already signed an eight-point agreement presented by U Tin Aung from the Confluence Committee in charge of reconciliation; and everything have been resolved with Lt. Pya Pya from Thu Mae Hta.

Colonel Kyaw Lin, brigade commander of the KNU 1st Brigade, inquired to his subordinates by wireless on the majority of his brigade personnel joining the DKBA. Major Ye Din and Maj. Myint Thein, which of you is closer to Ywa Shay? Where is Lt. Moe Nyo? I heard news that he had gone with another group. I heard he had caused a commotion on Ba Aye and Win Maung's side. Capture them. There is only one incident on Kyaw He's side. Everything is quite at the central [headquarters]. Have Pan Sein and Win Oo returned to Captain Sebe? Maj. Ye Din replied; Maj. Myint Thein is still in the Thaton Region. I think Maj. Ywa Shay is near the Kyaung Village. I will confirm Maj. Nyo's matter with the communication equipment. Pan Sein and Win Oo have returned to Capt. Sebe. Here, Maj. Ye Din. Pa-an has a tendency for more turmoil. Please inform Tha Htoo Kyaw to explain to the public. Nothing has happened at the other townships, it is only in Pa-an Township. I will take care of explaining to Phado Tha Htoo Kyaw. I will also inquire about the strength of Ba Aye. It will be difficult if their strength is about 20 or 30. I will inquire about all the matters in the region and will give the order to do everything necessary. Because of this problem, we were unable to attack the SLORC [State Law and Order Restoration Council] convoy. The followers were ... the reception via the communication set became indistinct. Col. Kyaw Lin impatiently asked: What happened to the followers? They have become bewildered. They didn't know what to do. They were confused. These were the answers of Maj. Ye Din, the field commander of the 1st Brigade. Col. Kyaw Lin did not say anything but shut down the communication equipment.

[FBIS Translated Text] On 26 December 1994, members of the DKBA in Myainggyingu paid their respects to the Sayadaw and drank thitsar water [consecrated water ceremoniously drunk as a symbol of loyalty]. They then changed the DKBA to the Democratic Karen Buddhist Organization, DKBO, [preceding five words in English]. Next, they formed the armed wing of the DKBO as the DKBA, Democratic Karen Buddhist Army [preceding five words in English]. Six abbots, including the Myainggyingu Sayadaw, were made patrons of the DKBO. The Central Committee was formed with nine members, including its chairman, Tha Htoo Kyaw. There were about 12 special affairs committee members and about 1,000 armed personnel. The DKBO issued Announcement No. 2/94 on 28 December 1994. The full text of the announcement is as follows:

Announcement No.2/94 of the DKBO, Dated: 28 December 1994.

1. The Democratic Karen Buddhist Association, mentioned in Paragraph 1 of DKBA Announcement No. 1/94 has been transformed into Democratic Karen Buddhist Army, DKBA, and the Democratic Karen Buddhist Organization, DKBO.
2. The conviction of the DKBO, in accordance with the objectives of Announcement No.1/94, is to work for the unity of the national races, to have freedom of faith and religion, to receive equal rights, and to move forward in working for national solidarity.
3. Our Organization believes that the majority of the people are facing social difficulties because of the greed of a handful of persons, who exploit the peoples' innocence and low educational background by discarding the good virtues of consideration and thoughtfulness.
4. This Organization has severed all ties with the KNU effective immediately, and its members will be considered already resigned from the KNU.
5. In accordance with this belief, our organization hopes to build a peaceful and tranquil state in accordance with the lawkapala principles of political, economic, and religious freedom, and equal rights and free from

social difficulties by forming the following levels of organizations;

a. Six abbots as patrons including Patron Chairman U Thuzana,
b. Nine Central Committee members including Committee Chairman U Tha Htoo Kyaw, and other committees will be formed as required,
c. The DKBA headquarters and forces under its command will be organized as required.

Signed: The DKBO

KNU Guerrillas Take Buddhist Defectors' Temple

BK0202030095 Bangkok THE NATION in English 2 Feb 95 p A2

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Ethnic Karen guerrillas have overrun a Buddhist temple where a group of Buddhist mutineers had established a stronghold, seizing a large quantity of arms and ammunition and causing an undisclosed number of casualties, sources said.

Last Thursday evening, the Karen National Union (KNU) managed to capture Sob Moei temple on the confluence of the Moei and Salween rivers. The capture was the culmination of several days of heavy mortar shelling and attacks by KNU ground forces on soldiers from a breakaway Karen Buddhist faction launched after the expiry of a Dec 31 deadline set by the KNU for their surrender.

Informed border sources said 41 mutineers gave themselves up after the fall of their stronghold although an unspecified number of them managed to escape before the advance of KNU forces.

However, the capture of the temple does not signal any end to the conflict between the KNU and soldiers from the breakaway Democratic Kayin (Karen) Buddhist Association, the sources said. The KNU, in a press release, said it did not yet have accurate figures for the number of soldiers killed and wounded in the attack.

One informed source said the KNU managed to score a direct hit on the mutineers' arms depot, causing a massive explosion which is believed to have caused many casualties.

In another press statement released last Sunday, the KNU announced it would take "effective action" against the mutineers—who defected and formed the rival Democratic Kayin (Karen) Buddhist Association on Dec 21—unless they surrendered by Dec 31.

"The KNU is determined to take effective action against those who foster factionalism and collaboration with the enemy (the Burmese junta) by using false excuses related to religion," the statement read.

Earlier, about 250-300 rank and file KNU members of the Buddhist faith accused Karen leaders of religious discrimination and of not promoting Buddhists in the KNU hierarchy. Some 70 per cent of KNU members are Buddhist but the organization's leadership is dominated by Christians.

Simmering resentment on the religious issue recently erupted into open conflict. At least two armed clashes were reported between KNU and dissident forces after the KNU expelled a Buddhist abbot, U Thuzana, from the Sob Moei temple accusing him of spying for the Burmese junta—the State Law and Order Restoration Council (Slorc). One KNU officer claimed that the KNU had a document written by U Thuzana which proved that the abbot decided to leave the temple of his own accord.

Informed border sources said the Democratic Alliance of Burma, an umbrella organization of a dozen ethnic and pro-democracy groups, was trying to intervene in order to bring a quick end to the in- fighting which they fear could damage the whole Burmese opposition movement if armed clashes continue for much longer.

It is still unclear whether those who managed to escape from the temple were able to join up with the remaining mutineers, who have set up their headquarters near a Burmese army base.

* Officials Discuss Fuel Output, Distribution

95SE0093A Rangoon THE NEW LIGHT OF MYANMAR in English 4 Jan 95 p 7

[FBIS Transcribed Text] Yangon, 3 Jan—Secretary-2 of the State Law and Order Restoration Council Lt-Gen Tin Oo attended the coordination meeting on production and distribution of fuel at the Ministry of Energy at 5 pm today.

The meeting was also attended by Minister for National Planning and Economic Development Brig-Gen Abel, Minister at the Prime Minister's Office Brig-Gen Lun Maung, Minister for Finance and Revenue Brig-Gen Win Tin, Minister for Energy U Khin Maung Thein, Deputy Minister for Energy U Tin Tun, Deputy Minister for Agriculture U Tin Hlaing, personnel of the State Law and Order Restoration Council Office and the directors-general and managing directors of the departments and enterprises under the Ministry of Energy.

The Secretary-2 said the Ministry of Energy, under own arrangements, is trying to boost production of crude oil in the oil-fields inland to meet the domestic needs. He said as production of natural gas has increased factories and mills which previously used stoking oil has turned to natural gas. He added that it is planned to use more natural gas. Efforts should be made to produce and distribute more natural gas, he said.

However, he said, organizations that consume fuel will be necessary to prepare correct data over the fuel needs and use the fuel most efficiently.

Minister U Khin Maung Thein briefed on production and refining of crude oil in the country and distribution as well as the plan for boosting production.

Next, managing directors of the Myanma Oil and Gas Enterprise, Myanma Petro-Chemicals Enterprise, Myanma Petroleum Products Enterprise and Mynama Electric Power Enterprise reported on the work done by the respective enterprises and distribution plan of fuel during the fourth quarter of 1994-95.

The Secretary-2 then gave counsel.

* Factories of Industry-1 Ministry Show Profit

95SE0093B Rangoon THE NEW LIGHT OF MYANMAR in English 4 Jan 95 p 7

[FBIS Transcribed Text] Yangon, 3 Jan—Minister for Industry-1 Lt-Gen Sein Aung went on an inspection tour of factories in Bago and Magway Divisions on 2 and 3 January.

The minister and officials first visited Ceramic Factory No 2 in Thayarwady. They viewed a display of products of the factory. They later toured the factory.

They went on to Cement Factory No 1 in Thayet and inspected crushing machines under repair, kilns and workshops as well as the quarry and crushing machines.

This morning they inspected warehouses of the factory. They left for Textile Finishing Plant at Shwedaung. After an inspection round of the plant, the minister met personnel and employees of the plant.

He told them that factories under the Ministry of Industry-1 exceeded production targets set for the first quarter of 1994-95. Financially, he said, they made profits. No factory suffered loss, he noted. He called on the factories to make sustained efforts to ensure that there occurs no loss. The factories under the Ministry of Industry-1 should not be a burden to the State. They are to function according to the market economy laid down by the State. He urged them to find ways and means to boost production of the factories. He called on the factory managers and employees to regard the factories as their own and always strive for qualitative and quantatitve improvement.

In connection with the welfare of service personnel, the minister said the ministry has been attending to the welfare needs of the service personnel in addition to extending rights prescribed by the State. He urged factory managers and responsible personnel to enable the employees to enjoy the rights within the framework of policies. He called on the service personnel to be loyal to the State and work in unity proving themselves to be good service personnel.

The minister and party returned to Yangon in the evening.

* Malaysian Paper Views 'Overvalued' Currency

95SE0074A Kuala Lumpur BUSINESS TIMES in English 15 Dec 94 p 17

[Article by Victor Mallet: "Overvalued Exchange Rate Hindrance to Myanmar's Reforms"]

[FBIS Transcribed Text] Fear of persecution is not an emotion normally associated with seminars on financial markets, but then Myanmar's [Burma's] military junta does not preside over a normal financial system; after 32 years of socialist military dictatorship, it runs one of the world's poorest and least sophisticated economies.

"It is time to take appropriate steps for the formal opening of a stock exchange in Yangoon," declared Brig Gen Win Tin, the Myanmar's Finance Minister, at a recent seminar sponsored by Japan's Daiwa Research Institute.

But Myanmar's bureaucrats, academics and businessmen attending the meeting were visibly frightened to be asked by a journalist for their views on Myanmar's economic policies and the prospects of a stock market. They shuffled their feet nervously and said they could not speak without official permission.

Particularly unwelcome were questions about the most urgent financial issue confronting the junta—the overvalued official exchange rate of the kyat, the local currency. In theory a dollar buys just under six kyat, but on the black market it will fetch 115 kyats.

The exchange rate policy of the State Law and Order Restoration Council (Slorc)—as the junta calls itself—restricts both inward foreign investment and Myanmar exports. Investors and exporters would receive far too few kyat for their dollar if they ran their business in a conventional manner, and they have been forced to avoid the obstacle by engaging in complex joint ventures or batter arrangements involving the export of beans and other agricultural produce.

Slorc's obsession with an artificially strong currency would also block the disbursement of funds from the World Bank, the International Monetary Fund and the Asian Development Bank, if such funds were not already blocked by western protest against Slorc's many human rights abuses.

Slorc generals, trained as soldiers rather than economists, talk vaguely of an eventual "convergence" between the official and unofficial rates. They argue that the exchange rate is not a problem because they tolerate dealings on the black market, but the policy distorts the Burmese economy in several ways.

The armed forces and state-owned enterprises, for example, are allowed to import weapons and raw materials at the official rate, which means they pay unrealistically low amounts of kyats for their imports. And the official exchange rate is used to calculate all import tariffs, depriving the Government of much-needed tax revenue.

"They are always talking about a market-oriented economy," says Mr Ho Chin Beng, chief representative in Yangon of the Development Bank of Singapore. "But the one main stumbling block remains the official exchange rate of the kyat."

The Slorc's reluctance to tamper with the exchange rate is based partly on its collective respect for Gen Ne Win, the 83-year-old former dictator who, from his retirement, is believed to exercise considerable control over younger generals. He is adamantly opposed to devaluation on nationalistic grounds.

Slorc generals also fear that a devaluation will boost inflation—already running at an estimated 40 percent—and anger the poor by increasing the cost of basic products such as cooking oil. These are sold by the state enterprises that currently enjoy a hefty exchange rate subsidy.

In the past few years, Myanmar's generals have embarked on a series of economic reforms. They have encouraged foreign investment, eased restrictions on tourists, liberalised agriculture, legalised the vigorous border trade with China and Thailand and allowed the establishment of private banks and private hotels.

Foreign companies, particularly from Singapore and Thailand, have responded enthusiastically.

Twenty big hotels are under construction in Yangon. Seventeen foreign banks have been licensed to open representative offices.

Newly-imported second-hand cars are creating the first traffic jams for a generation. Consumer goods such as televisions are on display in the shops, and economic growth last year is estimated at 6 percent.

In its efforts to revive the economy, the Slorc has even risked incurring Gen Ne Win's wrath by introducing currency notes in sensible decimal denominations such as 10 and 100.

For years the Myanmar had to count their money labouriously in notes of 90 and 45 because nine was the general's lucky number.

Reforms implemented so far have encouraged construction and consumer spending and attracted hoteliers and crafty foreign commodity traders to Myanmar.

But many Japanese and western companies are reluctant to invest in a country where the regime is unpopular with its subjects, the banking system remains primitive, corruption and bureaucracy are rampant and repatriation of profits depends on the ability to export beans or lentils.

"Things are changing on the surface, but there's no structural change," says one Myanmar businessman. Yangon-based diplomats agree, pointing out that other South-East Asian economies such as Thailand and Indonesia have been able to succeed despite corruption and military influence because trained economists and technocrats control macro-economic policy.

This is not the case in Myanmar. "The problem is that sooner or later, as all these niche opportunities created by the reforms are taken up, the whole system will hit the ceiling and be held back by the structural impediments," says one diplomat.

Cambodia

NADK Says Capture of City 'Gift to Talbott'

BK0202052195 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 1 Feb 95

[FBIS Translated Text] According to preliminary reports, on the morning of 31 January, hundreds of National Army of Democratic Kampuchea [NADK] and people jointly attacked and totally captured Rumchang, Ku, Thmar Don, and Prey Veng Villages and the localities around these areas.

We killed nine enemy soldiers, wounded some others, and destroyed a large quantity of weapons and war materiel. Hundreds of para [former non-communist resistance forces] soldiers surrendered to the NADK and people.

Rumchang, Ku, Thmar Don, Prey Veng, and the areas around them constitute the para city of Ranariddh—the U.S. puppet.

This is a gift to Talbott, U.S. deputy secretary of state, and Winston Lord, Talbott's assistant, who have come to Phnom Penh to encourage the two-headed government to carry on communist Vietnam's war to kill Cambodia and exterminate Cambodian race.

The people in this zone are very angry with the United States and Ranariddh—the U.S. puppet. Thus, they have attacked and destroyed Ranariddh's para city. They say Ranariddh should stop fighting. The United States should stop the war. This is the better way for them. War has caused the loss of the para city and all Cambodian cities also will be lost because Ranariddh and Hun Sen have allowed Vietnam to gulp them and the 4 million Vietnamese to annex Cambodia.

The hundreds of para soldiers who defected to the people and NADK have said that they have taken revenge against Ranariddh because he has served as a Vietnamese lackey and Hun Sen's puppet, allowing them to eliminate the entire FUNCINPEC [National United Front for an Independent, Peaceful, and Cooperative Cambodia]. Previously, when they stayed with Democratic Kampuchea, they enjoyed security, lived in peace, and had sufficient food to eat. But after Ranariddh turned to join the Vietnamese, they all along had been living in insecurity, had no food to eat and suffered miserably. This is why they have taken revenge against Ranariddh by opposing Ranariddh, the United States, and Vietnamese puppets—Hun Sen, Chea Sim, and Sar Kheng—refusing to fight for them, and fleeing home to earn a living to feed their starving wives and children.

Khmer Rouge Issues 'Communique' on Talbott Trip

BK0102134295 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 1 Feb 95

["Communique" issued by the spokesman of the Provisional Government of National Union and National Salvation of Cambodia on 1 February; place not given]

[FBIS Translated Text] I. On 29 January, Strobe Talbott, the U.S. under secretary of state, and Winston Lord, the U.S. assistant secretary of state in charge of Asia and the Pacific, publicly urged the two-headed government to continue communist Vietnam's war against the Cambodian nation and people.

II. The Provisional Government of National Union and National Salvation [PGNUNS] and the Cambodian nation and people formally and solemnly denounce and condemn in the most categorical and resolute manner the continuation of the war in Cambodia by the United States and all foreign countries.

This is because:

1. The communique issued by the U.S. under secretary of state is really a declaration of a second U.S. war of aggression against the Cambodian nation and people.

2. External arms supplies constitute an expansion and escalation of communist Vietnam's war of aggression and will cause the Cambodian nation and people continual and endless suffering, misery, and destruction. At the same time, it also affects peace and stability in Southeast Asia and the entire Asia-Pacific region.

3. By doing this, the United States is interfering in another country's internal affairs; violating the right to self-determination of the people of that country; and trampling on the fundamental principles of international law, the UN Charter, and human and democratic rights in Cambodia.

4. Since the signing of the Paris agreement in 1991, U.S. actions in Cambodia have had serious consequences affecting the survival of the entire Cambodian nation and people. In collusion with UNTAC [UN Transitional Authority in Cambodia], Australia, and France, the United States quashed the Paris agreement, maintained the presence of communist Vietnamese forces in Cambodia, opposed the quadripartite Supreme National Council, and prevented Cambodia from achieving national reconciliation. Later, along with UNTAC and its Australian and French allies, the United States conjured up the two-headed government and gave it money, arms, and military experts to inflame communist Vietnam's war even more furiously.

III. The PGNUNS and the Cambodian nation and people would like to declare to the world and particularly to the U.S. people and the U.S. Government that Democratic Kampuchea and the Cambodian nation and people do not want to wage war with anyone. Cambodia and Democratic Kampuchea are not a threat to anyone. Democratic Kampuchea and the Cambodian nation and people want only national reconciliation in a peaceful, independent, neutral, and nonaligned Cambodia. Democratic Kampuchea and the Cambodian nation and people have been unafraid to wage one struggle after another against the communist Vietnamese enemy, UNTAC, the two-headed government, and the villainous alliance for this national cause alone. We resolutely will not give up this national cause because it is a life-or-death matter for the Cambodian nation and race.

IV. The situation of the two-headed government is beyond all hope. It is desperate in all fields and sectors, just like the AIDS disease in its final phase—no medicine can cure it. Giving aid to the two-headed government will only prolong its life by a few more breaths.

At the end of this 20th century, the international situation has undergone tremendous change in terms of national mood and social issues as well as science and technology. The human brain has also undergone a change. Humans are not perpetually naive. They will not allow the superpowers to do whatever they please. Look at the people in Bosnia, the Balkan region, the former Soviet Union, the Middle East, South Africa, North Africa, and so on—they are not afraid to fight. They can fight and win victory after victory for freedom as they please. They do not want U.S.-style democracy, AIDS, nudity, or heroin addiction.

United States: Do not look down on the Cambodian nation and people like you look down on the traitors. Do not come and kill Cambodians like you did the American Indians. The Cambodian nation and people have a sound brain and are imbued with national conscience. We are not afraid to fight and we have quite enough fighting experience to wage a struggle to save and perpetuate our nation, people, and race.

1 February 1995
The PGNUNS Spokesman

Commentary Predicts Failure of Paris Conference

BK0202051195 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 1 Feb 95

[Unattributed commentary: "The World Community Wants Peace and Does Not Want To Spend Money in War, in Kindling the Communist Vietnamese War To Undermine Peace and Stability in This Region"]

[FBIS Translated Text] The Western alliance—with the United States, Australia, and France as the ultra villainous ringleaders—is busily mobilizing its partners to convene a conference in Paris next March in the hope of collecting money for the two-headed government, which is an out-and-out lackey of the communist Vietnamese, to carry on the war.

It should be noted that a meeting was held in Tokyo in 1992 while the Paris agreement was implemented. At this Tokyo meeting, some money was donated with the hope that the Paris agreement would be correctly implemented in Cambodia to bring about peace and national reconciliation, thus enabling foreigners to put their investments. But the Paris agreement was not implemented, thus Cambodia has not achieved peace and only the communist Vietnamese war has continued.

War is raging throughout the country and is being fueled by the communist Vietnamese, UNTAC [UN Transitional Authority in Cambodia], two-headed government, and the Western alliance. Insecurity has become widespread throughout the country, in the countryside as well as in the cities, frightening both Cambodians and foreigners. Diplomatic missions have to use double and triple locks to seal off both the front and back doors. They are extremely afraid whenever they have to go out somewhere.

Robberies have become a fact of life, victimizing everybody, Cambodians, aliens, embassy personnel, and merchants alike. Even banks in the heart of the city have fallen prey in broad daylight.

Who are the robbers? The two-headed elements, the two-headed soldiers and policemen, the Vietnamese dac cong [sapper] elements, and the Vietnamese men and women are. In such a situation, who will come to invest here?

This is to mention only the war, insecurity, and anarchy aspects.

Look at the two-headed elements, the out-and-out lackeys of both the communist Vietnamese and the United States, one can see that they are all the arch lousy, good-for-nothing, and wicked persons. They are arch corrupt and traitorous. They are the ones who sell out their own nation.

As such, how can these elements build the country; how can they govern the country? All they will do is to bring famine, cause starvation, plunder people's land, and starve the people.

This year, 1995, there is a shortage of nearly 400,000 metric tons of rice. Over 2 million people are starving. When this dry season and the coming rainy season come, the people will certainly revolt to topple the two-headed government.

Who do not know about all these actual events?

Watchers of the Cambodian situation raise this question: Can the two-headed government survive for another four months?

Public opinion in general clearly sees that the two-headed government will not be able to go on beyond this 1995. It will definitely collapse in the complex national and social contradiction, in the flames off national and race indignation, and personal and family antagonism of the Cambodian people.

It is in such an atmosphere that the U.S.-Australia-France alliance is busily mobilizing its partners to collect money in Paris. It will certainly be able to collect only shit, because the investment money will certainly be put in other peaceful countries.

Indonesia

Alatas: U.S. Human Rights Report 'Unbalanced'

BK0202071795 Hong Kong AFP in English 0444 GMT 2 Feb 95

[FBIS Transcribed Text] Jakarta, Feb 2 (AFP)—An annual US human rights report which criticised Indonesia as "strongly authoritarian," was unbalanced and based on hearsay, a senior government official here said Thursday.

"It is regrettable that reports such as this tend to be unbalanced, only zeroing in on certain categories of human rights and completely ignoring other catergories of human rights," Minister for Foreign Affairs Ali Alatas said.

Speaking to journalists after making an official donation to the Kobe earthquake victims, Alatas said the US State Department report, issued Wednesday, ignored economic and social rights as well as the rights to development and to education.

"These are equally human rights and the UN charter and the whole practice within the United Nations stresses the fact that these rights should be taken in their totality, there should not be an indivisibility of human rights," he said.

The report said despite a superficial adherence to democracy Indonesia is a "strongly authoritarian" state with numerous human rights abuses by the military and the police.

The increasingly open and deregulated economy of Indonesia belies the nature of the political system, the report said adding, "The government continued to commit serious human rights abuses and in some areas, notably freedom of expression, it became markedly more repressive."

Torture and other forms of mistreatment remained prevalent, particularly in regions where there are security concerns, including Aceh and East Timor, it added. "The armed forces continued to be responsible for the most serious human rights abuses."

Alatas said he had not yet seen the report, but added that as it was an annual report the Indonesian government would in time give its response rather than make an official protest.

"We don't think it is a good idea for a government to sit in judgment over another government or people on the question of human rights," Alatas said.

"The question of human rights is an important question, but there are ways in which to deal with it at the United Nations, there are procedures and so on, in which we are exhorted by the charter to cooperate with one another, not to sit in judgment over one another," he said.

"If governments cannot help talking about other governments and criticising other governments ... then at least we would hope that it is doing so on the basis of facts rather than hearsay or highly exaggerated hearsay reports," he said.

Official: ASEAN Should Unite on APEC

BK0102115795 Jakarta MERDEKA in Indonesian 1 Feb 95 p 7

[FBIS Translated Text] Jakarta, Tuesday (MERDEKA/ANTARA)—ASEAN member countries should have a common and united stand before attending the next APEC [Asia-Pacific Economic Cooperation] meeting, said economist Dr. Hadi Susastro.

"In terms of strategy, consultations before the next APEC meeting should be held to avoid the recurrence of reservations made by Malaysia in the Bogor Declaration last November," said the economic observer from the Center of Strategic and International Studies.

Hadi Susastro made the remarks in Jakarta on Tuesday (31 Jan) in response to a report prepared by the Directorate General of ASEAN National Secretariat of the Foreign Affairs Department entitled: "APEC development, its impact on ASEAN, and efforts to benefit from them."

He said even though consultations are needed, ASEAN should not be seen as an organization that does not allow its members to have different views.

"ASEAN member countries have different interests, and it is necessary to discuss any difference of opinion before the APEC meeting because it is very ironic if the reservations should come from an ASEAN member country," he said at a workshop organized by the Directorate General of ASEAN National Secretariat.

In his explanation of the report, Dr. Sujatmiko, chairman of the team preparing the report, said it is indeed necessary for ASEAN countries to hold consultations on the stand adopted by each country because when speaking as a group, ASEAN will have stronger bargaining power in the APEC meeting.

"The consultations will prevent a reduced role of ASEAN in APEC, especially when dealing with developed countries," said Dr. Sujatmiko.

In the workshop moderated by Dr. Johan Syahperi, Dr. Sujatmiko said there are also fears that developing countries' interests in APEC will be overwhelmed by those of developed countries.

"If the conditions used for achieving trade liberalization in 2020 are not suitable, the gap between developing and developed countries will be greater," he said.

Sujatmiko said the existence of APEC with its various forms of cooperation has prompted ASEAN to make policy adjustments, both at the national and group levels.

"Such a positive move reflects ASEAN's desire to benefit from APEC existence and welcome signs leading to the global economic system which will be more open, free, and fair," he said.

Ruling Party Officially Recalls Legislator

Move To Uphold 'Discipline'

BK0102120295 Jakarta SUARA KARYA in Indonesian 1 Feb 95 pp 1, 11

[FBIS Translated Text] Jakarta (SUARA KARYA)—The Golkar [Functional Group] Central Executive Council has officially decided to recall J.B. Bambang Warihkusumo, member of the House Golkar Faction No. 242 from East Java, from the House State Revenue and Budget Commission. The decision was made after Bambang, as a member of the House Golkar Faction, acted against the organization's policy.

The decision was announced to the media by Akhmad Mustahid Astari, chairman of the House Golkar Faction, at the Golkar Building in Slipi, Jakarta on Tuesday [31 January] afternoon. Astari was accompanied by two Golkar chairmen, Agung Laksono and Abdul Ghafur. Astari, who is also vice secretary general of the Golkar Central Executive Council, said that the decision was unanimously made at the Golkar Central Executive Council meeting on 27 January 1995.

"Has the member been informed of the decision?" asked a reporter.

"No. I announced this decision upon your insistence. I wonder where you have learned about the decision. To avoid speculation, we the Golkar Central Executive Council decided to announce it as soon as possible," Astari said.

"When will the recall take effect?" asked the reporter.

"Today, we plan to send the letter of decision to the president through the House speaker. I hope that you reporters will disseminate this information through the mass media to enable all Golkar cadres and the general public to understand it," said Astari.

Giving the reasons for the recall, Astari said that the process started at the bottom when the Central Executive Council received a report from the chairman of the House Golkar Faction and a letter from the Golkar East Java

Provincial Executive Council. "As chairman of the House Golkar Faction, I also reported on Bambang Warihkusumo's activities from the date he was assigned to the House in 1992. The report was handed over to the Central Executive Council as the policy maker," Astari said.

Without giving the details of Bambang Warihkusumo's deviation, Astari said that "the Golkar Central Executive Council reasoned that Bambang Warihkusumo as a cadre assigned to the House of Representatives had deviated from the Golkar policy. The decision was not an abrupt one but was based on a long and continuous series of evaluations from the date he was elected into the House in 1992."

"We cannot act independently. Every member of the House Golkar Faction has the obligation to act in accordance with what has been decided by the Central Executive Council. Every member knows that. This is a matter of discipline. Our decision has gone through the procedures in stages such as written reminders, counseling, and the reaffirmation of the Golkar Central Executive Council's policy that has to be implemented by the members. Mr. Bambang, however, has invariably deviated from the policy. The counseling had been done since 1992," stressed Astari.

The recall is designed to uphold discipline among the cadres assigned to various bodies, especially the legislature. As parliamentary posts are recommended by the Golkar, it is thus reasonable that the Golkar, as the mother organization, sets a code of discipline that covers, in particular, relations between the Central Executive Council and the Golkar Faction and between the Golkar Faction and its members.

Astari also said that the decision was made in reference to Decree of the Golkar Central Executive Council No. 45/DPP/GK/II/89 concerning the recall of Golkar members assigned to the legislature. "This is the basic ruling that we use," he said. Besides, the cadres in the House of Representatives have been selected to implement the organization's policy. In carrying out his or her duty, every member must abide by the ruling set by the faction.

Legislator Calls Move 'Politicking'

BK0102150195 Jakarta ANTARA in Indonesian 1257 GMT 1 Feb 95

[Passages in italics received in English]

[FBIS Translated Excerpt] Jakarta, 1 Feb (ANTARA)—Bambang Warihkusumo, member of the Functional Group [Golkar] faction in the State Revenue and Budget Commission of the House of Representatives of the Republic of Indonesia, has regretted the Golkar Central Executive Council's decision to *"recall"* him from the commission because it is against the organizational mechanism.

"I see the decision as no more than *"politicking"* or a political maneuver. In my opinion, the decision was made indiscriminately. They never consulted me; instead they contacted the media," Bambang said during a break in a hearing between the State Revenue and Budget Commission and Sudaryono, chairman of the Finance and Development Supervision Board, in Jakarta on Wednesday. He was commenting on the *recall.*

Akhmad Mustahid Astari, chairman of the House Golkar faction, announced to the media on Tuesday the decision of the Golkar Central Executive Council to recall Bambang Warihkusumo for deviating from the Golkar Central Executive Council's policy. [passage omitted]

* President Urges Expansion of Small Industry

95SE0083A Jakarta SUARA PEMBARUAN in Indonesian 14 Dec 94 pp 1, 19

[FBIS Translated Text] Jakarta, 14 Dec—Small industry and handicrafts must be expanded and strengthened if we do not want to be left behind by other countries, President Suharto said Wednesday morning, 14 December, at the 1994 Upakarti Award presentation ceremony at the State Palace in Jakarta.

"If the Indonesian people want to achieve progress and prosperity, if we want to use the opportunities of the 21st century, if we do not want to be left behind by other countries, we must expand and strengthen small industry and handcrafts," President Suharto said.

He said that in their meeting in mid-November, APEC [Asia Pacific Economic Cooperation] economic leaders resolved to apply a system of free trade and investment in the Asia Pacific region by the year 2020. That will mean the opening of very extensive markets for countries whose products can compete. "With their flexibility, small industries that are healthy, self-sufficient, and efficient can play a growing role in economic development in this region. From now on, we must therefore try with all our might to ensure that our industries, especially small industry and handicrafts, improve their efficiency and competitiveness," the chief of state said.

Human Resources

For that purpose, President Suharto said, the Indonesian people need to focus attention on improving the quality of human resources, because human resources are the most determinative element in the manufacture of quality products at competitive prices. The educational programs conducted so far must be continued and made more effective. "We must proceed with simple management education programs for small industry so that existing small industry will expand to become more modern. We must also improve education and training for the creation of entrepreneurs, because we greatly need new entrepreneurs to stimulate economic growth and create jobs."

President Suharto also said that the growth of small industry and handicrafts is needed for the development of the industrial sector. This branch of industry absorbs much manpower, widely spreads the business community, raises the income of the community, distributes development to rural villages, and enlarges non-oil-and-gas exports. Small industry and handicrafts are also the appropriate means for eliminating poverty and helping backward villages. This branch of industry can become the machine that drives village economy. In addition, small industry and handicrafts can expand the horizons of the traditional community toward becoming an industrial society. That is the reason maximum attention must be paid to the development of small industry and handicrafts in PJP II (Second Long-Term Development Phase).

"We realize that the development of small industry and handicrafts is not an easy job. This branch of industry has problems that are not easy for the businesspeople involved to solve. For that reason, the government and the business community must solve those problems together. Small industry and handicrafts need to be given various kinds of help, which, of course, must be temporary and limited. In this way, small industry and handicrafts can develop to become self-sufficient and competitive," the chief of state said.

At another point in his remarks, President Suharto said that interrelatedness between big industry, as the "adoptive father," and small industry and handicrafts will initially be based on concern by the larger for the smaller. Subsequently, however, that relationship will change to a partnership based on economic principles through the formation of a pattern of mutually needed and mutually useful cooperation.

Such mutually needed and mutually useful cooperation needs constantly to be encouraged and developed in the future, especially to evenly distribute business opportunity, improve productivity, and increase national industrial efficiency. Small industry has advantages, such as flexibility in doing business, that can be used by big industry. With this advantage, small industry is more adaptable to the effects of outside change. Big industry can use this advantage for the supply of raw materials and spare parts.

Two Forms of Appreciation

The 1994 Upakarti Awards include two types of recognition: dedication and initiative. For dedication, recognition was given to 22 people from provinces throughout the country.

Those receiving recognition of dedication at the State Palace Wednesday morning represented various professions and fields of business.

For initiative, 22 companies received 1994 Upakarti Awards. They included BUMN's [state-owned companies] and private companies from a number of provinces.

Those receiving recognition for dedication included Mrs. Zuhriah from the City of Jambi, who produces batik items and gold-thread embroidery. Murna Yetty from West Sumatra has developed an embroidery business. Dr. Wahyoetomo, an Army Health Directorate retiree, has served as rector of Malang Freedom University since 1983. Thanks to concern at Malang Freedom University under the leadership of Dr. Wahyoetomo, the university has created and expanded types of small industry in villages around Malang, resulting in improved community income and welfare.

Recipients of Upakarti Awards for initiative included the Second Regional Telecommunications Area of PT [Limited Company] Telkom in Riau, West Sumatera; PT Lautan Otsuka Chemical; PT Foximas Mandiri; PT Sudinar Artha; PD [Regional Enterprise] Dedy Jaya; the Pemalang Forest Management Unit of the Indonesian State Forest Enterprise Public Company; and the Murni Putra Soybean Curd Company.

* 'Ecolabeling' Good for Competitiveness

95SE0083B Jakarta SUARA PEMBARUAN in Indonesian 10 Dec 94 p 4

[FBIS Translated Text] Jakarta, 10 Dec—The use of 'ecolabeling' in Indonesia is not the result of foreign pressure but of the country's political commitment to a pattern of continuous development.

This is reflected in initiatives taken by the government, for wood products by the minister of forestry and for nonwood products by the minister of state for the environment.

Dr. Emil Salim, chairman of the Indonesian Ecolabeling Board Working Group, said this Friday, 9 December, in Jakarta in a public debate on "Ecolabeling: Challenges and Opportunities for Indonesia in Enlarging Its Global Market Share."

The public debate, which was held by the Indonesian Environmental Association (WALHI), also included a speaker from IKEA, an international furniture company that has introduced an ecolabeling system, and Mrs. Dewi Motik Pramono of the Chamber of Commerce and Industry (KADIN).

Debate participants came from groups such as manufacturers, associations, foundations, banking, tax authorities, and the press.

Emil Salim also said that ecolabeling has developed along with environmental management systems that include environmental audits, evaluations of environmental work, and development of natural recycling channels for environment-oriented manufacturing.

"Ecolabeling can provide information to consumers and serve as a sales promotional tool for manufacturers," he said.

He added that the use of ecolabeling will encourage companies to be efficient, thus improving the competitiveness of their products, because ecolabeling will encourage economical use of natural resources through minimizing waste.

He said ecolabeling will encourage reduced use of packaging that adds to waste.

Reduced packaging will lower costs and improve product competitiveness.

Responding to a WALHI question whether ecolabeling will reduce the "competitive advantage" of Indonesian products on global markets, Emil Salim said ecolabeling will increase competitiveness.

"Because German studies show a correlation between high environmental standards and strong competitiveness, ecolabeling can improve the competitiveness of Indonesian products," he said.

Profits

In the discussion, it was asked whether the use of ecolabeling will add to manufacturers' costs, thus reducing their profits. In reply, Emil Salim said that profits must be viewed globally.

He explained that the use of a waste processing unit (UPL) will increase the costs and reduce the profits of a company. In a broader sense, however, it will be seen as profitable for both the environment and the local community.

"Just think of the losses that would be caused if UPL's were not used. There would be environmental damage, sickness, and other things caused by waste. If calculated, losses would therefore be even greater," he said.

He said an understanding of profit is closely linked to efficiency. Efficient companies are those able to manufacture products from natural resources while reducing waste and economizing on energy. This means, therefore, that the more waste a factory has, the more inefficient and wasteful it is.

Manufacturers themselves consider that ecolabeling is being imposed in very diverse ways. As Indonesian citizens, however, they realize the necessity for ecolabeling.

Mrs. Dewi Motik Pramono of KADIN said that manufacturers, as fitting for a people of civilization, culture, and orientation to Pancasila, realize the need for conservation and protection of natural resources.

"If industry damages the environment, the ones suffering from the damage are primarily our own people," she said.

The required use of ecolabeling means that the possession of an AMDAL [environmental impact assessment] will be a necessity for the establishment of a plant. This is linked closely to bank loans, which require submission of AMDAL's by the companies involved. Pintor Siregar of the Indonesian State Bank said that banks are quite clear on application of the continuous development principle.

"A loan application to a bank will not be granted if an AMDAL is not enclosed," he said.

An official from the Tax Directorate said that the use of a UPL by a factory will be given special consideration in assessing taxes. Possessing a UPL will reduce tax payments, because the UPL will be recorded as a plant cost.

In the discussion, it was asked why Indonesia has not imposed any retribution on companies found to have caused pollution. The imposition of such retribution would naturally spur environmentally oriented development, a discussion participant said.

Thailand

Police 'Alert' to Burmese Border Situation

BK0202032695 Bangkok THE NATION in English 2 Feb 95 p A4

[FBIS Transcribed Excerpt] National Police Chief Phot Bunyachinda has instructed police forces along the Thai-Burmese border to be on alert and to file a daily report of the border situation following last week's Burmese offensive on Karen guerrillas.

In his instructions on security measures along the border dated Jan 31, Pol Gen [Police General] Phot mentioned that fighting between Burmese army troops and Karen forces "has a tendency to escalate" and will drive many Karen villagers living along the common border into Thailand—an influx which can affect border order and security.

In his report, Phot asked border police forces to prepare themselves by strengthening border security measures and giving protection to local villages and residents in close cooperation with the Thai military, administration and local agencies.

The police should coordinate closely with administrative authorities and local forces in overseeing refugees based on government policy with emphasis on humanitarian and human rights principles, his report stated, adding that they should also help Thai villagers affected by the fighting and provide appropriate assistance to officials from both government and private sectors.

Lastly, Phot ordered the police to closely follow any movements along the border with Burma and file daily reports with the Police Department.

The police chief made his instructions after several thousands of Karen refugees fled the fighting across the Moei and Salween rivers into Thailand. While the government has estimated that 6,000 arrivals are taking refuge in Thailand, mainly in Mae Hong Son and Tak provinces, private relief agencies assisting the group said about 10,000 have arrived in Thailand.

Interior Minister Sanan Khachonprasat who made a stunning statement on Tuesday that the refugees "will be pushed back (to Burma) without having to wait for fighting to cease", appeared to have softened his stance yesterday.

He said that the situation of the 6,000 refugees seeking temporary asylum here does not affect Thailand, and added that any members of the armed factions who flee into the country will be disarmed.

Sanan told Thai border villagers not to be concerned with "military spillovers", assuring them that authorities will provide protection to Thai citizens first.

Defence Minister Wichit Sukmak yesterday quoted Deputy Foreign Minister Surin Phitsuwan as telling Tuesday's Cabinet meeting that the United States "has praised Thailand for its humanitarian treatment of the refugees".

Wichit said the Third Army Region Command is taking care of the refugees and will also disarm any forces crossing the border into Thailand.

Burma, he said, understood the Thai position "very well" as "we are assisting the Karen on a humanitarian basis".

When asked if Karen leader Gen Bo Mya is taking refuge in the Kingdom, the defence minister said he did not know. [passage omitted]

Papers View Impact of Burmese Assault on Rebels

BK0102152495

[FBIS Editorial Report] Two Thai dailies—Bangkok MATICHON in Thai and Bangkok KRUNGTHEP THURAKIT in Thai, on 31 January and 1 February respectively, comment on the impact of the current Burmese Government drive against ethnic minorities, highlighted by the fall of Manerplaw, which is a stronghold of the Karen National Union.

In its 800-word editorial on page 2, entitled "A Burden from Burma," MATICHON notes that once more Thailand will have no choice but to allow Karen refugees fleeing the war in Burma to take shelter on its territory. Similar to its previous task of providing shelter to Cambodian refugees, Thailand will have to accomodate thousands of Karen civilians for humanitarian reasons, which is an international norm. It is estimated that about 10,000 Karen people have fled into Mae Hong Son Province. If the war continues and if the Burmese soldiers remain stationed opposite Thailand's border, those Karen people will not be able to return home for some time. Thus, Thailand will have to set up refugee camps for them. "It is not known for how long Thailand's burden in sheltering those Karen refugees will drag on," the paper says. Thailand already has a difficult task in sheltering a number of Burmese students fleeing political suppression by the military junta. Some Thai authorities were wounded in a fight recently because some of those students refused to remain restricted within a detention zone. Problems have cropped up ranging from issues pertaining to the presence of refugees in the country, to weapons smuggling, to official corruption. Refugees sneaking out of detention camps have created social problems for local people. The paper calls for peace to be established so that there are no more problems with refugees. This is the reponsiblity of the international community.

Kasem Atchasai writes in his "Hot World" column, on page 4 of KRUNGTHEP THURAKIT, a 900-word commentary entitled: "Look What the Problem in Burma Could Bring Us." He says: "Clashes between the Burmese soldiers and ethnic resistance groups continued as usual, causing losses to both the government in Rangoon and the rebel groups. The Burmese military government, however, has never been able to put them down." In his analysis, he says this is because of Burma's economic weakness; Burma has never achieved economic growth because it has remained a closed country. As an old colony of England, Burma has a fear of Western exploitation. Moreover, the divide-and-rule policy of the military junta is responsible for Burma's backwardness, politically, economically and socially. The leadership encountered resistance and opposition, especially from ethnic minority groups seeking independence and autonomy. Major targets of Burmese military suppression are the Shan and Karen rebels.

Reviewing resistance by the Karen movement, the columnist says suppression by the Burmese military junta has never been as harsh against it as it is now. He writes: "This time Burma really means it. Burmese troops stormed and captured Manerplaw camp, forcing General Bo Mya to pull back and split his troops into small guerilla bands waiting for a new assault.

"This is only the beginning. For civilized countries like the European Union and the United States, the problem of Burma is nothing but the problem of human rights violations. They have already questioned Burma about the progress of democracy in that country."

The problem involves Thailand because of an influx of thousands of Karen civilians. They were accompanied by armed men who are family members. "We do not know how Thailand will handle the situation—whether to push those people out or allow them to use Thailand as a springboard in counterattacks against the Burmese Government troops.

"The Thai Government must be careful because, sooner or later, Burma will raise its voice and ask Thailand why has it allowed those Karen rebels to take refuge here while claiming friendship with the Burmese Government," the commentary concludes.

Cuban Foreign Minister on Official Visit

Discusses Ties With Thaksin

BK0102143295 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 1 Feb 95

[FBIS Translated Text] Cuban Foreign Minister Roberto Gonzalez is paying a visit to Thailand, a rare event. He called on Police Lieutenant Colonel Thaksin Chinnawat, the foreign minister, and exchanged views with him on several topics, including political and trade ties.

Concerning trade, the two ministers discussed ways to promote bilateral exchanges. Cuba expressed an interest in importing rice from Thailand. Thailand is interested in buying steel and nickel from Cuba because of the reasonable prices and because the ores can be useful for Thai industry.

Meets Chaiyot on Rice Imports

BK0202032595 Bangkok THE NATION in English 2 Feb 95 p B2

[Report by Wichit Chaitrong]

[FBIS Transcribed Text] Deputy Commerce Minister Chaiyot Sasomsap yesterday asked Cuba's Foreign Minister Roberto Gonzalez to promote bilateral trade with Thailand by buying rice directly from Thailand, instead of via foreign brokers such as China.

The request was made at the meeting between Chaiyot and Gonzalez, who is here to strengthen diplomatic ties between the two countries.

The relations between Thailand and Cuba, which is known in this part of the world mostly as a producer of some of the best-quality cigars, have improved considerably over the past two years, following the break-up of the Soviet Union.

Thailand has supported the United Nations' resolution to suspend trade sanctions against Cuba as initially proposed by the United States. There has been conflict between the two countries since the tenure of former US President J F Kennedy.

Cuba did not oppose Thailand's accession into the non-aligned movement. Cuba is located south of the United States, off the coast of Florida.

Chaiyot has urged Cuba to contact Thai traders directly since Cuba embarked on a process of economic reform amid plans to liberalize its economy to attract foreign investment. The past diplomatic constraint prompted Cuba's business people to conduct business with Thailand via brokers in other countries.

Gonzalez was scheduled to meet with Chairman of the Federation of Thai Industries Chokchai Aksonranan, Foreign Minister Thaksin Chinnawat and Prime Minister Chuan Likphai yesterday. Today he is scheduled to meet with Deputy Agriculture Minister Praphat Limpaphan before leaving Thailand.

A press release from the Ministry of Foreign Affairs said that as Cuba under President Fidel Castro moves towards liberalization, the Thai Government should establish closer economic relations with the central American country.

Chaiyot said Thailand could supply medium-quality rice to Cuba. To date, Cuba has bought rice from China and Vietnam.

If Cuba bought rice directly form Thailand it could get a cheaper price than through third countries, Chaiyot told Gonzalez.

The Minister said that if Cuba does not have cash, it could make the contract on loan to buy rice from Thailand.

Due to the diplomatic constraints, the value of bilateral trade between the two countries has remained small, totalling only US$70,000 annually. Thailand imports cigarette and cigars worth US$40,000 from Cuba, while Cuba imports food products and microwave ovens from Thailand.

Cabinet Approves Chon Buri Navy Dock Project

BK3101143395 Bangkok Radio Thailand Network in Thai 1200 GMT 31 Jan 95

[FBIS Translated Text] Government Spokesman Akkharaphon Sorasuchat reported this afternoon that the cabinet has approved a Navy dock construction project proposed by the Defense Ministry. The dock will be located in Sattahip District, Chon Buri Province:

[Begin Akkharaphon recording] Today the cabinet approved in principle the first stage of Navy project to build a dock. The Navy will be allowed to commit a multiyear budget of 1.4965 billion baht to call for bids for the construction of the first stage of the dock. The money will come from the 1994-1998 fiscal budget.

Approval has been given to the Navy hire a consultant firm to supervise the construction. The Navy will report the cost of hiring the consultant firm to the cabinet before signing the contract.

The proposed second stage of the Navy dock project and the project on building housing for its 2,600 personnel will be reviewed by the Navy and resubmitted for cabinet consideration. [end recording]

Vietnam

Hanoi Meeting Marks CPV's 65th Anniversary

BK0202105995 Hanoi Voice of Vietnam in English 1000 GMT 2 Feb 95

[FBIS Transcribed Text] A big meeting was held in Hanoi on Thursday to mark the 65th anniversary of the Communist Party of Vietnam.

Among the participants at the meeting were Party General Secretary Do Muoi; advisers to the party Central Committee, Pham Van Dong and Vo Chi Cong; President Le Duc Anh; National Assembly Chairman Nong Duc Manh; other Vietnamese senior leaders; and foreign representatives.

Addressing the meeting, Party Leader Do Muoi reviewed activities of the party since its coming into being in 1930. He said: In [words indistinct], all party and members have won back national independence and freedom for the homeland and are now concentrating efforts in building Vietnam into a prosperous and mighty nation.

Do Muoi Article Marks 65th Party Anniversary

BK0102134495 Hanoi VNA in English 1233 GMT 1 Feb 95

["A Party for the People, People Trust in the Party"—VNA headline]

[FBIS Transcribed Text] Hanoi VNA Feb. 1—Party General Secretary Do Muoi has written and exclusive article for the weekly DAI DOAN KET (Great Unity) occasioned the forthcoming 65th founding anniversary of the Communist Party of Vietnam (Feb. 3).

In his article the party leader recalled the history of the patriotic movement against the French colonialists, and especially the history of the Communist Party of Vietnam. He wrote that even in the most difficult times, the party stood firm and developed rapidly thanks to its correct guidelines and policies, and close relations with the people.

"The party's strength originates from that of the people, the party came from the people, lives among the people it has been accommodated, protected, loved and trusted by the people. The people's strength has since the party exercised its leadership, been increased by many times over, which led to the victory in the 1945 August Revolution and the founding of the Democratic People's Republic of Vietnam, the first democratic state of the people in Southeast Asia".

Mr Muoi highlighted the victorious resistance wars against the French and US aggressors, which, in the party leader's words, were attributed first of all to the people's solidarity, their trust in the party and their arduous struggle under the banner of the party.

He cited some bright examples of people who had laid down their lives to give care to and protect revolutionary combatants.

He continued by saying that the people have entirely believed in the party and considered the party their blood and soul because the party in all revolutionary stages always upheld the banner of national liberation party officials and members have set bright examples in fighting and sacrificing for regaining national independence and the entire people's freedom and happiness.

"The party has no other targets than those of the entire people, namely national independence, prosperous people, strong country and fair and civilized society".

..."To successfully implement industrialisation and modernisation of the country, we have to bring into full play the tradition (party for the people and people believe in the party), to broaden the national unity to make million people as one. All Vietnamese, despite their past experiences, who now wish to see the country overcome poverty and backwardness, are all welcome and will be given favourable conditions to engage in the great cause, contributing to national construction...".

..."Now that power returned to the hand of the people, the entire party officials and members must inherit and promote the glorious traditions to the party as well as of the previous generations to continue striving for independence of the fatherland, freedom and happiness of the people, to constantly raise intelligence and virtues in the new circumstances, to resolutely fight against bribery, wastefulness and bureaucracy and practice thrift and devotion to dismiss those party members who are degenerate having diverted from the party's targets or think of their private interests more than those of the fatherland and the people" the party leader concluded.

Cardinal Pham Dinh Tung Visits Do Muoi for Tet

BK0102152295 Hanoi VNA in English 1432 GMT 1 Feb 95

[FBIS Transcribed Text] Hanoi VNA February 1—Cardinal Pham Dinh Tung, on the occasion of Tet and of the 78th birthday of party General Secretary Do Muoi, has called on the party leader.

On behalf of the Catholics in Hanoi, the cardinal wished Mr. Do Muoi good health, longevity and thanked him for his concern over the life of the Catholics.

The party leader congratulated the newly-ordained cardinal, and wished him and other Catholics in the country good health and deserved contributions to the national construction and defence, thus realizing the target for a wealthy people, a strong country, and an equitable and civilised society.

Article Comments on Financial Development

BK0102155895 Hanoi THOI BAO TAI CHINH in Vietnamese 5 Jan 95 p6

[Article by Thai Phuong: "Foreign Financial Activities in the New Stage of Development"]

[FBIS Translated Text] The past year witnessed many significant changes in our country's foreign economic relations in general and in its foreign financial relations in particular. Following two important international events, namely the Conference to Provide Financial Assistance to Vietnam (held in Paris in November 1993) and the Paris Club for the Resolution of Vietnam's Debts (held in December 1993), a new page in the

Vietnam's history of foreign financial relations has turned, ushering in a stage in which Vietnam is gradually normalizing its relations with its creditors and reintegrating itself into the international financial community.

In 1994, we tried hard to hold negotiations and successfully reached bilateral agreements on debt rescheduling with almost all the creditor nations belonging to the Paris Club. This success has made the world more aware of Vietnam's determination to resolve foreign debts and to honor its commitments. On this basis, many credit insurance organizations have started extending their policies toward Vietnam and creating conditions for many projects of Vietnamese economic establishments to be deployed with export credit granted by foreign countries. Along with the lifting of U.S. trade embargo against Vietnam, these new changes have created great potential for us to move into the international financial market. A breakthrough in the relations between Vietnam and other international financial institutions has been achieved since 1993 when the International Monetary Fund [IMF] and the World Bank passed a 1-year economic program (for standby loan). Meanwhile, many governments have also resumed their official development assistance programs for Vietnam. At the International Conference on Development Assistance for Vietnam (held in Paris in November 1993), participating countries pledged loans totalling $1.86 billion for Vietnam. Of these, $1.46 billion worth of credit agreements were signed in 1994, under which several projects have started to be deployed. In October 1994, the Vietnamese Government introduced a medium-size economic program (1994-97) for which the IMF has approved a loan equivalent to $540 million under the Extended Structural Adjustment Fund (ESAF) conditions. The World Bank has also signed an agreement to offer $150 million loan under the Structural Adjustment Conditions (SAC).

Of late, at a conference of the Consulting Group for Development Assistance in Vietnam held in Paris on 15 and 16 November 1994, various international organizations and participating countries announced their renewed efforts to provide Vietnam with capital loans totalling $1,959 billion (including $1,683 billion loans for various projects). Thus, after the two conferences on financial assistance, the international financial assistance community has pledged to reserve for Vietnam a source of official financial development aid amounting to nearly $3.82 billion. With this momentum, it can be predicted that we will be able to mobilize from $12-15 billion in official financial development aid between now and the year 2000.

Direct foreign capital investments have also showed remarkable changes. In 1994 alone, the number of licensed investment projects and the total investment capital accounted for 30 percent or so of the total projects licensed and capital registered since the promulgation of the investment law (1988), thus increasing the number of licensed investment projects to over 1,000 and the total registered investment capital to $10 billion. The year 1995 will bring not only new encouraging opportunities but also new challenges. What concerns us the most is how to translate those aid figures pledged by the international financial aid community into reality through various efficient projects to generate new productivity and a new driving force for economic development and, from this, to create a source for debt payment. Every one among us knows that the potential to attract ODA [Overseas Development Aid] depends on many factors, including the potential to mobilize emergency capital locally (usually not less than 30 percent of the ODA fund), the potential to provide raw and processed materials locally, the ability to draw up plans and manage the use of loans of various Vietnamese offices concerned, the competence of cadres in charge of foreign financial relations, the capability to repay foreign debts, etc.

Those factors prove that we were not prepared well enough for the utilization of foreign debts in 1994, thus affecting the progress of our construction projects. We have also suffered many difficulties in funding projects that were not listed in the 1994 planning. We have also experienced poor coordination with our creditors in credit control and in our capital management, thus causing delays in assessing, approving, and issuing instructions on the utilization of foreign loans. Moreover, our responsible state offices and different sections of the same state offices have lacked a clear division of their work and duties and coordination in managing ODA capital. Many project managers have not thoroughly understood procedures and regulations set up by loan providers for different type of credit and each project, thus causing embarrassment in their work. We believe that in 1995 and the following years, when we realize our achievements and failures, we will fully analyze the causes of problems to find efficient measures to overcome the aforementioned difficulties and to improve our management of foreign debts. The urgent need to improve the investment environment in Vietnam also demands that our foreign financial activities must actively contribute to the reform of administrative procedures in assessing and approving as well as the management of projects funded by direct foreign investment. The taxation policy (especially the land rent) and financial and accounting system also need to be amended regularly to ensure benefits for foreign investors and the host country and equal opportunities among foreign and national investors. It is hoped that with the benefit of past experiences, we will be able to solve remaining problems to improve our current investment for future development.

The new developing steps in foreign affairs are preconditions for the expansion of the external financial activities. The most important things are the adjustment of taxation and customs policies to match those of ASEAN, the preparation for our joining of the ASEAN Free Trade Area, and our help to strengthen ASEAN competition power. However, at present, we do not have enough cadres of good quality to strengthen, stabilize, and develop our external financial work. Therefore, our first and most urgent task is to reorganize our work, strengthen our apparatus, increase our manpower, and provide training on special skills and languages to our cadres to meet new requirements. The year 1995 is beginning, and it will definitely bring more opportunities and challenges in our foreign financial activities.

TAP CHI CONG SAN

* TAP CHI CONG SAN for November 1994

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Moving Toward Socialism Is an Objective Necessity

953E0007B Hanoi TAP CHI CONG SAN in Vietnamese Nov 94 pp 19-23

[Article by Truong Mau]

[FBIS Translated Text] 1. Ever since the 1970's, our country's revolution has had to deal with major challenges. There have even been some very dangerous periods: The economic and social crisis in our country has at times been very serious; the collapse of socialism in the Soviet Union has had a strong effect on our society; the encirclement and isolation of Vietnam by other powers has caused many difficulties for us; and so on. Overcoming these difficulties, under the leadership of the party, our people have carried on renovation and scored very important achievements. Vietnam is gradually moving into a new period, a period of industrialization and modernization. There are great advantages, but there are also many difficulties.

Living and struggling in these historical years, our cadres, party members, and people are clearly manifesting their political capabilities. They have not cowered in the face of the difficulties and have shown determination and confidence in the path chosen, the socialist path. The firm foundation of this determination is our people's concept of socialist awareness, which has been formed in the many decades of struggle for national independence and socialism. Many people have lived through two systems, and they are well aware of what life is like for slaves who have lost their country and for people who enjoy independence and freedom. The party's renovation line, which is in accord with the desires of the people, has quickly been incorporated in life and given our people strong confidence in the path chosen.

Naturally, the situation has not evolved without dissent. When confronted with challenges, a number of people have wavered, their will power has weakened, and they have even lost confidence and wanted to switch to another path. There are several reasons for this:

First, in the struggle for national independence, many generations grew up with socialism and fought under the banner of national independence and socialism. With the birth and growth of the Soviet Union and the socialist system during the 1950's and 1960's, our cadres, party members, and people had great confidence in socialism. For a long time, many people were aware only of the achievements of socialism; few knew anything about the weaknesses of the socialist countries, particularly about the periods of sluggishness and crisis, or anything about the mistakes made by the parties in leading socialist construction. Thus, when the Soviet Union collapsed, a number of people did not have the strength to analyze the situation, and they lacked steadfastness. As a result, they wavered or lost confidence.

Second, during the past several decades, the developed capitalist countries have adjusted their economic and social policies, applied the scientific and technical achievements, increased labor productivity, improved product quality, and so on. The rate of economic growth in these countries has been very rapid. In the past, there were times when our means of information often spoke about the evil aspects and weaknesses of capitalism but failed to mention the achievements scored by those countries in developing their economies. Today, during the information explosion, our people have much greater contact with the world. Because of this, some people see only the achievements scored by the capitalist countries in economic and scientific and technical development, but they don't see their serious difficulties, conflicts, and problems. In the face of this situation, our ideological work has not made a profound or concrete analysis of the actual situation in the capitalist countries, particularly in the developed capitalist countries, or analyzed the difficult problems of capitalism in a basic and persuasive manner.

Third, after the Second World War, a number of neighboring countries developed very rapidly. Some people asked: Why have they been able to develop like that? Our news often talked a lot about the achievements and successful experiences of those countries. That was necessary, but no real explanation was provided about what enabled them to develop rapidly, the environment in which they advanced, what advantages they had that enabled them to develop, how their starting point differed from ours, or the path that they took in developing. In the capitalist system, there are hundreds of underdeveloped countries. Why haven't they been able to reach a high level of development?

Fourth, our country fell into an economic and social crisis. The renovation movement, with the achievements that we have scored, has helped to solidify confidence in socialism. But our country is still poor and still faces many difficulties. Corruption, smuggling, and other evils are still very serious. This has affected the confidence of a number of people in socialism. This is without mentioning the distorted propaganda of a number of foreign news organizations.

2. Why is moving toward socialism an objective necessity?

As everyone knows, selecting the path of proletarian revolution, from the revolution to liberate the nation to the target of socialism, was mentioned by President Ho in "The Brief Platform of the Party": "There must be a revolutionary civil rights bourgeoisie and revolutionary ground in order to advance to a communist society." [Footnote 1] Ho Chi Minh: *Collected Works*, Su That Publishing House, Hanoi, 1981, Volume 2, page 295] This decision was based primarily on two things. First, there could be socialism only by freeing the laboring people from oppression and injustice and building a prosperous, free, and happy life for the people. Second, the success of the Russian October Revolution in 1917 opened up a new era and created a realistic possibility for backward nations to advance on the path to socialism. The victories in the resistances against aggressive imperialism and the initial achievements of socialist construction and renovation in our country showed that the socialist targets set by our party were correct.

After our victory in the resistance against the French colonialists in 1954, the matter of following the path of socialist construction in the north became obvious. From both a theoretical and practical standpoint and based on both the domestic and international situation, we had no other choice. That was because:

The laboring people in the country had fought and made sacrifices not only to win national independence but also to have a prosperous, free, and happy life. Those requirements could be satisfied only by having socialism.

In the national democratic revolution, the working class, through its vanguard unit, the communist party, led the revolution. Our party used Marxism-Leninism and Ho Chi Minh thought as its ideological foundation and compass for action. Our party struggled for socialist and communist ideals. After seizing power, in order to gradually reach the above goals, the Vietnamese revolution, under the leadership of the party, had to enter a transitional period in advancing to socialism.

During the 1950's, the Soviet Union became a great power and, together, with a number of other socialist countries, formed a strong socialist system. The history of the Vietnamese revolution clearly showed that the law of our country's revolution was national independence closely tied to socialism. Only by advancing toward socialism could we win and maintain independence and freedom for the people. If we had not thoroughly understood the banner of national independence and socialism, we could not have mobilized the integrated strength of the people both here and abroad in the struggle for national independence. If we had not advanced toward socialism but followed the capitalist path instead, that would have meant handing the fruits of the revolution to other forces whose interests are opposed to those of the people. Once again, the laboring people would have fallen into a cycle of oppression and exploitation. The great majority of people certainly would not have accepted that.

Some people have asked, because our country's economy is backward, why is our country going through a transitional period to socialism?

It's true that our country is advancing to socialism from a very low and backward position with respect to economic development. If Russia's transition to socialism starting in 1917 was a special type of transition as compared with the predictions of Marx and Engels, then our country's transition from a a small-scale production economy to socialism is an even more peculiar type of transition. With all the limitations in economic preconditions, we have confirmed that our country has the ability to pass through a long transitional period in order to successfully build socialism.

At the beginning of the 1920's, Lenin pointed out an idea of great methodological importance. To build socialism, the production forces must reach a certain level of development. Thus, why didn't we begin by setting the conditions necessary for those economic standards through revolution so that through the worker-peasant regime and Soviet system we could advance and keep pace with other nations, saying that such changes in the historical process must normally be present? [Footnote 2] [V.I. Lenin: Collected Works, Progress Publishing House, Moscow, 1978, Volume 45, page 433]

History has shown that Russia took a "special" transitional path and still managed to score great achievements.

Noting the economic preconditions in the formation of capitalism, Lenin wrote: "arguing that the economy in our country is technologically backward and that manual labor is the predominant form of labor in order to place Russia's system in opposition to capitalism is completely irrational, because capitalism exists in places where technology is undeveloped as well as in places where technology is highly advanced." [Footnote 3] [V.I. Lenin: Collected Works, Progress Publishing House, Moscow, 1978, Volume 1, page 575] Today, our country's economic base is still backward, but now that the regime is in the hands of the people, they have the ability to mobilize the material and intellectual strengths of the nation, make effective use of the great capabilities produced by the modern scientific and technical revolution and internationalization of the economy in order to gradually build a material and technical base for socialism.

A very important point that must not be forgotten is that our country is advancing to socialism in a new age, a period of transition from capitalism to socialism on a worldwide scale, which began with the great Russian October Revolution.

3. Some people have asked, Are there any other paths?

In the face of the collapse and crisis in the socialist countries and the economic difficulties in our country, some people want to take the capitalist path.

But, by taking the socialist path, can we hit the target of having a prosperous people, strong country, and fair and civilized society? Historical materialism affirms that capitalism is, historically, an outmoded social system and must, sooner or later, be replaced by a new economic and social form. Initially, that new form will be socialism. In the present stage, even though it is making great efforts in accord with the new situation, capitalism still can't resolve the basic conflicts. These conflicts are becoming more and more serious because of the production methods, which are based on private ownership of the means of production. Capitalism is not the future of mankind or a path that can be used to solve the very serious problems now confronting mankind. Moreover, in order to reach its present level of development, capitalism has had to pass through several hundred years of ruthless exploitation of the laborers, bloody warfare between countries, and aggression against and plundering of colonial nations. How could we follow that path and do the same things that capitalism has done?

Furthermore, in the present system of capitalist countries (almost 200 countries), only about 20 countries that have passed through several hundred years have been able to reach a high level. The other countries are not developed capitalist countries, and many even live in poverty.

Some people want to take the path of democratic socialism. There have been times when democratic socialists have wielded power in a number of countries. They implemented a number of reforms, but those reforms took place within a capitalist framework and did not affect the foundation of capitalism. Democratic socialism is based on private ownership, a free market mechanism, and political pluralism. The power to rule is still in the hands of the bourgeoisie. With this model, power and interests, both political and economic, do not belong to the laboring people. In the past as well as today, in a number of developed capitalist countries, socialist parties have held power. But has the capitalist ideological foundation in those countries changed?

Thus, in terms of both theory and practice, looking at both the domestic situation and international experiences, to fundamentally change the lives of the laborers and turn them from slaves and hired workers into owners, the only path is the path to socialism.

4. Some people are worried about whether we will be able to advance to socialism now that socialism has collapsed in many countries.

Socialism has collapsed in a number of countries for a variety of reasons, one of which is that the communist parties in those countries violated the political, ideological, and organizational lines, chose the wrong people to serve as key leaders, and allowed anti-socialist forces to control the political, ideological, and organizational lines. In our country, even though we have many difficulties and the enemy forces are looking for a way to topple our system, they will certainly be defeated and our people's efforts to build socialism will certainly be successful. This is because:

Through conducting tests and exploiting the intelligence of the entire party and all the people, our party has formulated a correct renovation line based on the main features of a socialist society built by our people. Also, the path of socialist construction in our country has been expressed in the party's program and many other documents of the party. The renovation movement launched and led by the party during the past several years has scored very important achievements. Our party has found a way to gradually overcome poverty and backwardness, gradually turn our country into a prosperous and strong country, and enable our people to live prosperous, free, and happy lives.

The great majority of cadres and party members are people who are loyal to the revolution, who agree with the party's line, and who have the will power to put that line into practice. Many people have been in combat and experienced decades of hardships, and they have linked their lives to the party and system. Something else that is important is that the party selected united leading organizations that are loyal to the revolution, that have been forged in struggle, that are stable politically, and that have the ability to lead the country in overcoming the difficulties and challenges.

Our people are intensely patriotic and closely tied to the system and party. From the things that have happened in a number of countries, many people clearly see if we follow the path of those countries, the fruits of the revolution will be wasted, the country will fall into turmoil, the people will lose their ownership rights, and their lives and the lives of their families will be turned upside down. Vietnam has a population of 72 million people. We have much manpower and many resources. Our people have been building socialism for several decades and have begun to build the political, economic, and social bases of socialism. The important thing is that we have found the correct path to advance to socialism. The successes and failures of socialism both here and throughout the world have helped us gain additional experience. One of our difficulties is that capital is needed to build socialism. This capital must be created mainly by us from domestic sources in conjunction with expanding international relationships. With our correct foreign policy and policy of pluralizing international relations, we can attract capital, technology, and management experience from abroad.

Russia built socialism in an average capitalist country. In 1913, Russia had a population of 130 million people, and it produced 4 million tons of iron and steel. 28 million tons of coal, 10 million tons of oil, 500 kg of grain per person, and very little electricity. After the civil war, the value of industrial production was only one-seventh of what it was in 1913. The Soviet Union built socialism while encircled by capitalism. The imperialists mobilized all their strength to crush the Soviet Union. At that time, the Soviet Union was the first country to build socialism and did not have the experience of another country to rely on. In those conditions, the Soviet Union built socialism and transformed the Soviet Union into a great power. As compared with the Soviet Union of that period, we have various weaknesses, but we also have certain advantages in building socialism.

The leadership of the party, a party that is rich in revolutionary spirit and creativity and that is close to the masses, is the most decisive factor. The party led the people in carrying out the successful August Revolution. The party has successfully led two resistances to liberate the country in very complex international conditions. At a time when the international revolutionary movement is experiencing difficulties because of the collapse of socialism in the Soviet Union and Eastern Europe, our party has remained stable and led the people in meeting the serious challenges. Early on, our party accepted and actively advocated a renovation movement, and it has led that movement, scoring important achievements and advancing our people's socialist construction movement.

With the real bases mentioned above, we firmly believe and can affirm that our people will certainly be successful in building socialism in our beloved Vietnam.

The Party's Resolution on Culture and Arts and Letters During Two Years of Implementation

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[Article by Ha Dang, member of the CPV Central Committee and head of the Ideology and Culture Department of the Central Committee]

[FBIS Translated Text] The resolution of the Fourth Plenum of the CPV Central Committee, 7th Term, "on a number of cultural and arts and letters tasks in the coming years" was implemented almost 2 years ago. Although it has not been possible to conduct a review, the time has come to correctly examine the development process and the initial results in implementing this resolution.

This resolution on culture and the arts is, as we all know, the first resolution of the CPV Central Committee concerning this sphere. This resolution, which illuminates the unified viewpoints and lines of the party, views culture and the arts as an important task of the revolution and views culture as a motive force capable of promoting economic and social development and as a target of socialism.

The resolution clearly points out that the central task of culture and the arts is to contribute to building the Vietnamese people intellectually, morally, spiritually, and emotionally, improving their way of life and character, and ensuring that they have good capabilities equal to the renovation movement for a prosperous people, strong country, and fair and civilized society.

The resolution mentions guiding ideas and major solutions aimed at promoting culture and the arts in the coming years.

It can be said that through implementing this resolution, during the past two years cultural and artistic life in our country has undergone notable changes.

Above all, there has been a change in awareness among those who lead and control culture and the arts and among artists. The acceptance of the viewpoints in the resolution has been completely voluntary. When the CPV Central Committee was preparing to issue this resolution, a number of artists thought that in leading culture and the arts, the party had "opened up" and perhaps wanted to "contract" again. There were also those who said that this time, the CPV Central Echelon would "suppress," "rectify," and harshly criticize mistakes and deviations. Gradually, through research activities, people realized that the resolution had objectively and clearly evaluated the cultural and arts and letters situation. And they saw the respect shown for the achievements of artists, the concern for artists, and the harshness but magnanimity with respect to the mistakes and shortcomings in this sphere. Through their relationship to the real situation and themselves, looking fairly at the gains and losses, the great majority of artists expressed agreement and said that the resolution of the Fourth Plenum of the Central Committee was "very intelligent," that it "set a correct course," and that it would "enable arts and letters to continue renovating and developing."

The party committee echelons and state management organizations saw major guidelines and realistic measures in the resolution to carry on renovation and improve leadership and management standards in the cultural and arts and letters sphere. In just a short period of time, provinces and cities throughout the country put forth action programs and formulated plans to implement this resolution. In this, 40 provinces and cities implemented resolutions to hold seminars on culture and the arts in the localities. The premier issued Decision No 25/TTg dated 19 January 1993 on "A Number of Policies Aimed at Building and Renovating Culture and the Arts." This mentioned important decisions on policies to invest in, aid, and protect cultural and artistic activities and artists. The ministries of culture and information, finance, and labor, war invalids, and social affairs promulgated decrees and issued circulars and documents under various laws aimed at concretizing and systematizing a number of the major policies and measures put forth in the 4th Resolution and Decision 25/TTg.

This change in awareness has promoted the growth of cultural and artistic activities.

More attention has been given to cultural activities in terms of leadership, management, investment, aid, and support. A state-level program has been implemented with a budget of several hundred billion dong for cultural construction and development at the primary level (with particularly emphasis being given to the rural areas, mountain areas, and remote areas) and for maintaining and preserving historical and cultural sites and solidifying and expanding cinematography. The state has also spent hundreds of billions of dong expanding broadcasting and establishing a national television network. More than half the people in the country can directly listen to the radio programs of Radio Vietnam. More than 500 mobile information units have been organized nationwide, and they have been provided with the equipment needed to enable them to regularly serve the people in rural and mountainous areas. Many district and provincial libraries and cultural centers have been restored. A number of historical and cultural sites have been restored and preserved at great cost.

Based on the guiding idea that "culture and the arts are the business of all of society" and with the motto "the state and people working together," many localities have mobilized manpower and coordinated things with the state and social organizations in order to build clubs, cultural centers, family cultural clusters, and so on. These bases are operating quite actively and regularly and contributing to creating a wholesome and cheerful cultural environment for many strata of people. Musical and theatrical festivals in each region and sector and beauty contests have been organized, and millions of people have responded. What is notable is the development of traditional activities of a national character such as spring festivals, ceremonies to mark good harvests, boat races, ceremonies to remember famous people, heroes, the war dead, and ancestors, and the wonderful traditions of the localities.

The gateway for cultural exchanges between our country and other countries continues to be expanded. Through cultural exchanges, each person gains greater understanding about the cultures, works of art, and cultural activities in the world. And our friends in the world are gaining a greater understanding about Vietnam and the Vietnamese people through performances by Vietnamese arts and cultural groups in many countries.

After a short period of stagnation, cultural and artistic life is again vigorous and rich. The state and various creative associations have awarded cultural and arts awards to many writers, artists, and performers. Newspapers, journals, agencies, mass organizations, publishing houses, and radio and television stations have launched many cultural and arts contests. Many professional and amateur writers and artists have enthusiastically participated in these contests. Some poetry contests have received tens of thousands of poems, and some literary contests have received thousands of stories. Through these contests, the public has been able to enjoy many good works. What is worth noting is that in creative literary and artistic labor, many young faces of great talent have appeared.

In literature, the short story is thriving, and an effort is being made to improve the quality of poetry. On stage, along with the efforts to improve the various forms of national theater, short theatrical works are appearing and gaining attention. As for fine arts, there has been a search for modes of expression through several hundred exhibits of paintings and sculptures each year. In movie circles, a number of works have won domestic and international awards, and active preparations are being made to produce films for the major anniversaries in 1995. Photography is thriving. Architecture has becoming a pressing need of society. Vietnamese music and Vietnamese songs are becoming more and more popular among people here and throughout the world. Dance is also making preparations for growth.

Cultural and artistic activities have been very intense on major anniversaries, specifically on the 40th anniversary of the Dien Bien Phu victory and the 40th anniversary of the liberation of the capital.

Affirming the positive changes and initial results achieved as mentioned above, at the same time, we also realize that there are shortcomings and weaknesses and a number of new problems that have arisen in recent activities that must be solved.

In making cultural and artistic life in particular and social life in general more wholesome, we must make an even greater effort, particularly in leadership and management. During the past two years, although cultural and arts leadership and management has made certain progress, there are still a number of weaknesses. Turning the major ideas and measures put forth in the resolution into law has not been done in a timely manner, and a number of the legal documents that have been promulgated contain many points that need to be amended and supplemented in accord with the real situation. Investment in cultural and artistic activities has not achieved good results. Reestablishing order and discipline in cultural life and in the publishing, press, movie, and theatrical sectors has been slow, and there are still many loopholes. Social evils, corruption, superstition, and decadence are still rife in life and social ethics. Many "commercial" films are being produced and shown. Harmful films are being smuggled in and shown secretly, and little has been done to stop this. There is a lack of necessary regulations concerning cultural exchanges with other countries. What is very worrisome is the entry of poisonous foreign culture. At the same time, organizing and assigning and strengthening the quality of the cadres who lead and control culture and the arts and studying and building operating models and formulas for literary and arts associations and cultural organizations at the center and in the localities are being carried on very slowly.

Since the Fourth Resolution was promulgated, the ranks of artists have made a number of positive changes based on linking creative activities to social renovation and tying creative freedom to the responsibilities of artists-warriors. Unfortunately, since this resolution was promulgated, a number of unwholesome works have appeared. They depict what is evil, cruel, and vulgar in a naturalistic manner. Manifestations rejecting the past and the achievements of the revolution and the renovation movement have been overcome somewhat. In some places, works or theoretical viewpoints expressed in this way have been encouraged by a number of people, because they regard this as "real literature" and "renovated literature." A number of writers and artists have lost confidence in the path to socialism. When searching for their creative voice, a few run into the blind alley of outmoded bourgeois arts and letters trends and move away from the fundamental and correct point, which is nation and socialism. In theory and criticism, from a viewpoint of rejecting revolutionary literature and regarding revolutionary literature as "square," "official," "conformist," and "cadre" literature, some people now say that this is literature with only "popular," "short-term," and "propaganda" value and that the "artistic values of artists have been voluntarily sacrificed." The decline of revolutionary literature is taking place at the same time as the rise of "pre-war" and "foreign" literature. Because of these deviations in theory and criticism, new factors and real values in creating literary and art works have not been discovered in a timely manner or elevated to the proper level. Deviations and manifestations of unwholesomeness and false values in literature and the arts have not been criticized; instead, they have been elevated. The plots, stratagems, and reactionary arguments of the enemy have not been exposed or struggled against.

Recently, however, there have been debates on poetry and on literary and artistic theory, and this has brought a new coloring. We must do much more to overcome the shortcomings mentioned in the party's resolution: Literary and artistic theory and criticism have not developed in line with the requirements of renovating, building, and developing the national culture. The combat nature of theory and criticism is still poor.

One of the concerns of this resolution is that steps must be taken to limit the negative aspects of the market mechanism with respect to culture and the arts. The tendency to run after money and profits in cultural and artistic activities during the past two years is still rather widespread even though this has been limited to a certain degree. That tendency, that is, the thirst for profits of those who organize things, in conjunction with pandering to the unwholesome tastes of some people, is one of the reasons for the recent turmoil in the publishing, press, movie, and theatrical sectors, in city design and construction, and in arts exhibits. On the other hand, it must also be realized that there have been shortcomings in leadership and management. In some places, there has been confusion, right-wing deviations, and laxness.

In two years of implementing the resolution of the Fourth Plenum of the CPV Central Committee on culture and the arts, there have been positive changes and notable progress has been made. It has been difficult to prevent a number of mistakes from being made and a number of deviations and weaknesses from arising during this process. The important thing is that things must soon be reviewed, and the lessons, both the successful and unsuccessful, in leading and managing and in creating and enjoying literature and works of art must be learned.

The Fourth Resolution mentions a very practical target: "In the coming years, cultural and artistic activities must be expanded in a wholesome, rich, and varied manner to satisfy the essential needs of the spiritual lives of the people. We must strive to have many good works on the renovation movement and works that reflect the positive phenomena, factors, and trends in life. The highest target is to build and create new values and to strengthen, protect, and exploit every capability. On the other hand, we must resolutely criticize negative phenomena and deviate tendencies, struggle against every action and argument opposed to the fatherland and socialism, and take steps to eliminate the social evils that are destroying the good morals and good customs of the people. [Footnote 1] [Resolution of the Fourth Plenum of the CPV Central Committee, 7th Term, "On a Number of Cultural and Artistic Tasks in the Coming Years," Proceedings of the Fourth Plenum of the CPV Central Committee, 7th Term, Hanoi, 1993, pages 53-54]

In the near future, the literary and arts associations at the central echelon will hold congresses. This is a very important political and professional activity for artists in the country and also a matter of great significance in the cultural and artistic life of the country. The Central Committee's resolution on literature and the arts provides an important orientation for the associations in carrying on their congresses.

The three requirements for the association congresses are:

They must correctly evaluate the operating situation of the association during the past term, affirm the achievements, and, at the same time, analyze the weaknesses and shortcomings that must be overcome in their sphere of operations. Based on operating practices, they must strive to review the theoretical problems and lessons, put forth guidelines and tasks for creative activities, and formulate effective measures to continue building, developing, and renovating the activities of the association.

Steps must be taken to bring about solidarity and assemble the ranks, create an atmosphere of creative joy and enthusiasm, and manifest the wonderful qualities of our artists-warriors on the culture and arts front. There must be a struggle to produce many good works that reflect the truth with the lofty ideas and arts of the renovation movement in the period to help promote the industrialization and modernization of the country.

Suitable models of associations must be built with respect to functions, tasks, organizational structure, and operating contents, and conditions must be created to exploit the creative potential and ensure that the policies of the associations are implemented. The associations must elect a new leadership committee that can satisfy the above requirements and carry out the above tasks. The key leaders must be strong politically, have prestige, and have the qualities and capabilities necessary to manage this work, a task of literary and artistic activity that is becoming more and more rich and varied.

It is hoped that the association congresses will mark a new step in implementing the resolution of the Fourth Plenum of the Central Committee. This is a strategic task that will require much time. Also, integrated strength must be mobilized, party leadership and state management must be strengthened, the creative potential of creative circles and the ranks of cultural and arts and letters cadres must be exploited, and forces throughout society must be mobilized to contribute to the development of our national culture.

On Renovating the Organization and Activities of the Village-Level Authorities

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[Article by Vuong Van Bien, chairman of the Ha Tay Provincial People's Committee]

[FBIS Translated Text] For Vietnam, agricultural production is primary, and peasants account for the largest percentage of the country's population. Because of this, village-level authorities hold a very important position. Today, 80 percent of our country's population lives and works in the rural areas. This means that 80 percent of the population is controlled by village-level authorities. In particular, since the resolution of the Fifth Plenum of the CPV Central Committee (7th Term) on continuing to renovate and develop the rural economy and society was promulgated, renovating the organization and activities of the village-level authorities has been an important and pressing theme in the present stage. This is aimed at building a strong primary-level administrative system, contributing to maintaining the stability and economic and social of development of the country, and at the same time, improving the managerial effectiveness of the state apparatus. In this article, based on the real situation in Ha Tay, I want to mention a number of initial ideas on renovating the organization and activities of the village-level authorities in the present stage.

Decision 112/HDBT dated 15 October 1981 by the Council of Ministers (now the government) clearly states that "the village-level state administration includes village people's councils and people's committees elected by the people in accord with the constitution and laws.

These are the state management organizations in the villages." Village authorities are the primary-level authorities in the four-level state administrative system of the Socialist Republic of Vietnam. They are the direct link between the state and the people. Here, in addition to the administrative relationship, there are also village and hamlet relationships and family relationships. Village authorities carry out state management functions concerning economic, political, cultural, and social aspects. Every day, they solve problems concerning the rights of people, the welfare of the people, and the people's standard of culture side by side with the wonderful customs and traditions of the locality. The village administration must be an action organization, an administrative echelon that both makes decisions and implements decisions. It must act in accord with both the positions and policies of the party and the laws of the state and the real situation in the locality and resolve matters in accord with both emotion and reason in village relationships. If the village administration is strong and operates effectively, it will provide a basis for promoting the activities and improving the managerial effectiveness of the administrative apparatus at the various echelons and gradually satisfying the renovation requirements in the present stage.

Reality has shown that fundamentally, the organization and activities of the village administration have gradually been stabilized, and the activities have been effective. At those places that have done a good job in implementing the principle of the party leads, the laboring people serve as owners, and the state manages, the village authorities there have carried out their functions well and put the policies of the party and the laws of the state into practice.

1. On the organization and activities of village people's councils:

In recent years, the organization and activities of the village people's councils have undergone new changes. The standards and quality of the people's council representatives have improved, and the activities of the people's councils have improved.

The people's councils have held meetings on schedule and concentrated on discussing and issuing resolutions in accord with the real situation in the locality. The village people's councils have posed specific and practical problems such as formulating economic development plans, promoting production and business, building schools and medical aid stations, building and improving the electricity network to serve production and daily life, improving the water conservancy system, building good village roads, discussing measures to implement the population, family planning, and land management policies, maintaining security and order, building the new cultural life, struggling against social evils, and so on.

In many villages, the people's councils have improved their operating methods and the quality of their meetings. Each team of representatives is notified of the agenda for the meeting, and the agenda is broadcast by the village's broadcasting station so that the representatives will be able to attend and make preparations to participate. The activities of the people's council representatives are regarded as an important measure that will contribute to improving the quality of the activities of the people's councils. Many representatives have elevated their concept of responsibility and set an example in implementing and mobilizing the people to implement the positions and policies of the party and the laws of the state.

However, in a number of places, the activities of the people's councils are still formal in nature, quality is poor, and the results achieved are limited. Activities are not carried on on schedule, and the functions, tasks, powers, and operating regulations of the people's councils are not carried out properly. A number of people's council representatives have not set a good example in implementing the positions and policies of the party or the laws of the state, and controlling and monitoring the implementation of the resolutions is lax. Because of this, the councils have failed to play their role as the power organization in the locality.

2. On the organization and activities of village people's committees:

The people's committees are the administrative organizations of the people's councils. They are state administrative organizations in the localities and are responsible to and report to the people's councils. The people's committees carry out the state administrative management functions assigned them by the people's councils. They guide and manage the daily work of the state in the localities. In recent years, the organization and activities of the village people's committees have made progressive changes. The key cadres of the village people's committees have been provided with basic knowledge concerning state management, and their knowledge of the law and understanding of economic management and occupational techniques have been improved. Thus, the results achieved by the village people's committees have gradually improved. During the period 1991-1994, Ha Tay provided training to 273 chairmen, 391 vice chairmen, 211 people's council secretaries, and 312 people's committee members and office cadres to improve their knowledge of state management.

Previously, the village committees were composed of five committees and two stations. Through actual operations, many places organized things based on work blocs such as internal affairs, economic affairs and planning, and cultural and social affairs. Decision 112/HDBT of the Council of Ministers (now the government) stipulated that the village people's committees may have five-seven members (in mountain-area villages where many ethnic minorities live, they may have five-nine members). In my view, this stipulation is appropriate, because only a number of essential personnel are needed to serve as members of a village people's committee. It isn't necessary for technical cadres to be members of the village people's committees. These cadres must, however, be give occupational training and given stable assignments. In many places, the village people's committees have elevated the role of the state authorities at the primary level, led the people in implementing the positions and policies of the party and the laws of the state, and implemented the resolutions of the people's councils. Thus, the face of the rural areas has gradually been renovated, the lives of the people have improved somewhat, and the village economy has undergone a profound change. Agriculture is gradually getting away from self-sufficiency and the one-crop system, small industry and handicrafts and rural communications and transportation are expanding, markets in the rural areas are being linked to commodity exchange, and the circulation of capital is expanding beyond the scope of the village, district, and province. In implementing the new mechanism, the material and spiritual lives of the people have been improved.

However, concerning the organization and activities of the village-level authorities, there are still a number of limitations and weaknesses:

In a number of places, the village authorities have failed to clearly distinguish state administrative management functions from commercial production management functions. This has occasionally resulted in their going beyond the scope of their functions and tasks. And occasionally, they have been lax in managing things.

In the past, the role of the head of the people's council secretariat was not clearly stipulated. Because of this, he lacked drive, the work came to a standstill, and quality and results were poor.

A number of places have not achieved good results in carrying out the state management functions in the economic, political, cultural, and social spheres. They have not promptly blocked or taken appropriate steps to deal with violations of the economic and land management measures, sale of bogus goods, tax evasion, and so on. In some places, the village authorities have made mistakes in implementing state regulations and laws, such as in selling and allocating land, arresting people, and so on, and they have violated the ownership rights of the people.

The duty procedures and procedures for receiving people and holding meetings have not been followed on a regular basis, matters are dealt with in an arbitrary manner, and the complaints of the people are not handled promptly and too many steps are involved, which means that the people have to come back many times.

There are many reasons for this situation, but these can be summarized in the following main points:

The various echelons and sectors lack an adequate understanding of the role, position, and tasks of the village authorities in the new stage. The activities of the people's committees are still formal in nature, and the people's committees are still regarded simply as administrative organizations. Because of this, no real attention has been given to solidifying and improving the organization and activities of the village authorities.

As for functions, village authorities are in a state of confusion. In the past, the main targets of leadership and management were the cooperatives. But the situation changed when the household was determined to be an independent production unit.

The organizational model and village administrative cadre rolls have not been supplemented in a timely manner or revised in accord with the renovation situation of all of society. The organizational model is not unified, with each place doing things differently. Because of this, guidance is not uniform and the quality and the work results of the state administrative system have been affected. Higher echelons have not controlled, monitored, and guided things in a regular and timely manner, and there has been confusion in switching to a market mechanism.

Constant and continuous attention has not been given to formulating plans and training cadres. Some places have focused on structure and have not given much attention to cadre standards and quality. There is much work to be done in the villages, but there are few cadres. And cadres perform their tasks mainly based on experience, which affects the quality and results of the work.

Even though the procedures and policies on village cadres have been supplemented and revised, they are still irrational, with the result that the cadres do not feel at ease in carrying out their tasks. Because the terms of office of the village people's committees do not coincide with those of the village party organization executive committees, there is often confusion and instability in assigning cadres, and this affects the quality of the work of the cadres and the stability of the primary-level administrative apparatus.

Renovating the organization and activities of the village administrative apparatus is a major problem that must be studied very carefully in order to arrive at scientific conclusions. Based on reality, the initial lessons learned, and initial thoughts, we would like to make a number of proposals:

1. Steps must be taken to give the echelons and sectors a new understanding concerning the important role and position of the village authorities. Having the village authorities carry out their functions and tasks well is a condition for maintaining political security, developing the economy, achieving social fairness, and building the new rural area. It must be realized that the village authorities are part of the national administrative system. Civil rights and obligations must be ensured in reality.

2. The new regulations regarding the relationship between the party committees and the village authorities

must be reviewed and systematized, the party's leadership with respect to primary-level administration must be strengthened even more, and steps must be taken to enable the people's councils and people's committees to operate in accord with their functions.

3. The government should soon issue stipulations on the functions, tasks, powers, and organization of the village administration in accord with the real situation today. The apparatus of the village people's committees should be organized by work bloc, such as internal affairs, economic and planning affairs, cultural and social affairs, and so on. Solidifying the village administration must be based firmly on the above stipulations and on the principles of socialist law in general.

4. The tasks assigned to the village authorities in the present stage are becoming heavier and heavier and more and more complex. This means that the village authorities must improve their standards and capabilities in all respects in order to satisfy the state management requirements in the political, economic, cultural and social, and security and national defense spheres in the localities. The village authorities must formulate economic and social development plans and security and national defense plans. They must formulate village budgets, build the social and technical infrastructure, and provide state management with respect to the economic elements and economic organizations. The village authorities must understand the laws, educate and guide the people in the villages in living and working in accord with the laws, and maintain discipline and social order and security. This means that the state must formulate and promulgate adequate laws so that the various-echelon authorities can carry out their tasks well.

5. The training and utilization of village administrative cadres must be accelerated in order to gradually improve the capabilities and standards of the ranks of village cadres. Above all, classes about state management, economic management, and the law must be opened for the key cadres in the villages. Professional cadres such as land administrators, finance and tax cadres, and office cadres must soon be trained and made more professional and stable. They should not be replaced without good cause, because that will affect the work.

The standards and quality of the people's council representatives must be improved in order to ensure that the people's councils are really the power organizations in the localities and that the people's committees are the state management organizations at the village level.

6. The compensation policies and measures with respect to village administrative cadres must be revised in a timely and satisfactory manner so that the cadres can carry out the tasks assigned them with their minds at ease. Studies must be done on arranging things so that the terms of office of the village party organization executive committees coincide with those of the village people's councils. This will stabilize the assignment of cadres and prevent this from affecting the work.

7. To ensure that things are in accord with the real situation in order to help the village authorities manage the essential tasks in the hamlets and villages, many places have assigned cadres to serve as hamlet and village chiefs, but that is not an administrative echelon. The government should soon issue specific stipulations on functions, tasks, standards, and procedures and policies regarding hamlet and village chiefs so that the localities implement things in a unified manner.

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